

Cost or Pricing Data Proposals

Proposal Compliance

Material Acquisitions Strategy and Adequacy (MASA)

LOCKHEED MARTIN



PIRA #TLS202203004

Overview

Our customers rely on Lockheed Martin and our suppliers to provide timely and compliant proposals to support the USG timelines

- The proposal function drives future revenue for your business
- It is critical for Lockheed Martin and our Global Supply Chain to deliver timely and compliant Proposals with Certified Cost or Pricing Data
- Department of Defense and Oversight Agencies are pushing contractors by demanding greater accountability and protecting taxpayer interests
- We all need to deliver on the commitment of providing FAR compliant proposals on the due date
- Noncompliant proposals are deemed by the Oversight Agencies as “unsupported”
- Only 1 in 3 proposals from our Global Supply Chain partners is adequate upon submission

DCMA
DEFENSE CONTRACT MANAGEMENT AGENCY

Leadership Need for Speed

 “We need to move faster!” Dr. Griffin, USD(R&E)	 “It’s all about velocity” Ms. Lord, USD(A&S)	 “Focus on speed-to-field” Mr. Shaffer, DUSD(A&S)	 “Speed is our focus” Dr. Roper, USAF SAE
 “U.S. lost its ability to go fast” Gen Hyten, USSTRATCOM	 “We have to go faster” Mr. McCarthy, USecA	 “Velocity is my advantage” Mr. Guerts, Navy SAE	 “I WANNA GO FAST” Ricky Bobby

Supplier’s willingness to be proactive and diligent in meeting requirements is appreciated!

Overview (Continued)

The objective of this training is to provide an overview of the Lockheed Martin proposal process. The training will outline the FAR (Federal Acquisition Regulation) requirements for submitting a proposal and provide guidance on completing the required documents, estimates and compliance checklist.

- FAR 15.408, Table 15-2
 - The Truthful Cost or Pricing Data Act⁽¹⁾ requires Cost or Pricing Data for proposals:
 - \$2,000,000 for prime contracts awarded after July 1, 2018
 - \$750,000 for prime contracts awarded prior to July 1, 2018
 - Proposal Adequacy Checklist ⁽²⁾
 - Lockheed Martin Form F330
 - Document submitted by supplier to certify proposal compliance to FAR

(1) Previously known as the Truth in Negotiations Act (TINA)

(2) FAR 252.215-7009 Proposal Adequacy Checklist as prescribed in 215.408 (4)



Download the F330:
[Here](#)

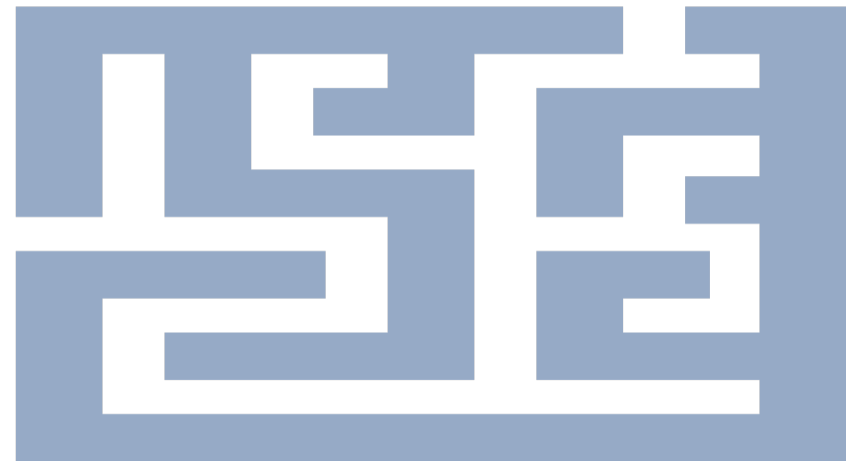
Minimum Documents Required for a FAR Compliant Proposal

- Expectation: Proposal needs to be responsive to the RFQ and include:
 - Price Buildup Model (working excel spreadsheet)
 - Including CBOM
 - Basis of Estimate – explain estimating methodology
 - Proposal Cover Letter – SA1235 / SF1411 / Supplier Created
 - Cost Accounting Standards Notices and Certification – RF540 form
 - Adequacy Checklist – F330 form
 - Index or Table of Contents of documents submitted
 - Any other RFQ required documentation
- If necessary, Audit Denial Letter



What is your Proposal Process?

- Standard Operating Procedures (SOP)
- Do you apply continuous improvement initiatives to your proposal process?
- Who is responsible to submit the proposal to Lockheed Martin?
- Internal timeline per organization?
- Who supports each of the cost elements included in the proposal?
 - Estimating Process
 - Material
 - Escalation methodology
 - If applicable, sub tier over threshold, CID, cost analysis, proof of competition
 - Labor hours
 - Labor rates
 - Escalation methodology
 - Indirect rates
 - ODC
 - other
- Business Systems
 - Accounting system
 - Cost estimating
 - Purchasing
 - Time keeping
 - Property management*required if government furnished property is provided
 - Earned Value Management *generally applicable to large business
 - Material management *generally applicable to large business



Proprietary Information – Access to books and records

At time of proposal submittal, all elements of cost must be ready to be audited

- Determine which entity you will allow access to books and records
- Evaluation will be conducted either by Lockheed Martin or the US Government
- Specify which cost elements will be reviewed by which entity

If access is denied to Lockheed Martin a Refusal/Release letter will be required, and must:

- Identify the specific cost and pricing data element that LM is being denied access to
- Specify whether permission is granted for the “US government to release a copy of their findings to Lockheed Martin” (sanitized/redacted)

Full DCMA Assists Audit:

- ✓ Audit Refusal/Release letter on Supplier’s letterhead stating that the Supplier will not allow Lockheed Martin to perform a Fact Find; however, the DCMA will be allowed to visit the Supplier to perform an Assist Audit.
- ✓ Completed Proposal Cover Sheet
- ✓ Supplier must be ready for the DCMA to come in and conduct the full assist audit with a fully FAR compliant proposal at the time the RFQ response is submitted. Complete the adequacy checklist in preparation of the assist audit. The DCMA assist audit will be initiated upon receipt of the Supplier’s bid. DCMA assist audits take months to complete and in order to meet our timeline, the Supplier must be fully prepared for the audit.

Rate-only DCMA Assists Audit:

- ✓ Audit Refusal/Release letter stating that Lockheed Martin will not be allowed to fact find the Supplier’s rates and factors, but the DCMA will be allowed to perform an assist audit of the rates and factors.
- ✓ Completed Proposal Cover Sheet
- ✓ Completed and signed F330 Adequacy Checklist
- ✓ CCOPD for the direct material, subcontractor cost, ODC and labor hours in the proposal. Lockheed Martin will conduct a fact find of those direct cost elements.



Federal Acquisition Regulation (FAR) 15.408 Table 2


FAR 15.408, Table 15-2 outlines instructions for submitting Cost/Price When Certified Cost or Pricing Data (COPD) and includes 3 main subject areas:

Subject	Required Item	FAR Section
General Instructions	Cover Sheet	FAR 15.408, Table 15-2, I.A
	Index of Cost or Pricing Data	FAR 15.408, Table 15-2, I.B
Cost Elements	Cost or Pricing Data	FAR 15.408, Table 15-2, I.C
	Cost Element Breakdowns	FAR 15.408, Table 15-2, I.D
	Summary Cost Element Breakdowns	FAR 15.408, Table 15-2, I.E
	Incurred Cost	FAR 15.408, Table 15-2, I.F
	Forward Rate Pricing Agreement (FPRA)	FAR 15.408, Table 15-2, I.G
	Certificate of Current Cost or Pricing Data	FAR 15.408, Table 15-2, I.H
	Materials (CBOM)	FAR 15.408, Table 15-2, II.A
	Direct Labor	FAR 15.408, Table 15-2, II.B
	Indirect Costs	FAR 15.408, Table 15-2, II.C
	Other Costs (ODC)	FAR 15.408, Table 15-2, II.D
	Royalties	FAR 15.408, Table 15-2, II.E
Facilities Capital Cost of Money (FCCM)	FAR 15.408, Table 15-2, II.F	
Formats for Submission of Line Item Summaries*	New Contracts	FAR 15.408, Table 15-2, III.A
	Change Orders, Modifications, and Claims	FAR 15.408, Table 15-2, III.B
	Price Revision / Redetermination	FAR 15.408, Table 15-2, III.C

**Cost by Fiscal Period is required*

Cover Sheet

A Cover Sheet is required with each proposal submitted to Lockheed Martin and must include all 11 items listed below:

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 Government contract administration office (if available)
5. Type of contract action
6. Proposed cost; profit or fee; and total
7. Whether the offer will use Government property, and, if so, what property
8. Whether the organization is subject to Cost Accounting Standards (CAS)
9. The following Required Statement 
10. Date of Submission
11. Name, title, and signature of authorized representative

“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, Offeror grants Lockheed Martin and or, 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.”

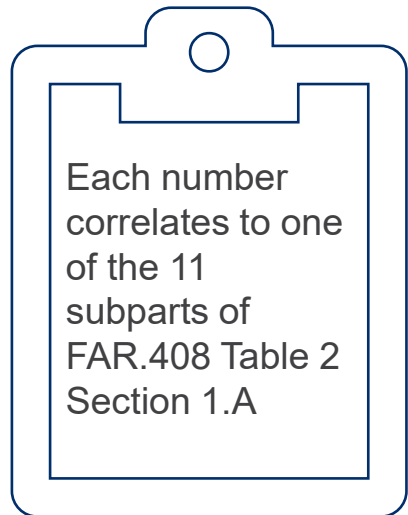


Federal Standard Form (SF) 1411, includes all 11 items and can be submitted as the Cover Sheet

This is primarily an administrative item and may be more efficient to fill out after the proposal is completed but before submitting to LM

Cover Sheet

Supplier Created Example



1 → **Contract Number: 0326015NDW**

(D3) Decelerometers ← **2**
500 Harmony Road
Floyd, Virginia 20001

3 → **Point of Contact**
Dave Higgens
D3 Contracts Manager
(444) 333-2222
d.hasselhoff@d3.com

Contract Administration Office ← **4**
DCMA Blacksburg
Tom Stoppard, DACO
300 Anderson Station Blvd, Blacksburg, VA 20002
(434) 222-3333
tom.stoppard@dcma.mil

5 → **Type of Contract Action: New Contract / FFP**

Proposed Cost + Proposed Fee = Total ← **6**
\$3,259,376 + \$488,906 = \$3,748,282

Government Property: We will not require the use of any Government property in the performance of this work. ← **7**

8 → **Cost Accounting Standards (CAS) and Estimating & Accounting Compliance**
D3 is subject to the Cost Accounting Standards Board (CASB) Regulations (Public Law 91-379) as amended and FAR Part 30. This contract action is subject to CAS. D3 submitted a CASB Disclosure Statement to the above referenced DACO on January 15, 2014. D3 has not been notified that we are or may be in noncompliance with our Disclosure Statement or CAS. No aspect of this proposal is inconsistent with our disclosed practices or applicable CAS. This proposal is consistent with our established estimating and accounting practices and procedures and FAR Part 31, Cost Principles.

9 → 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 FAR 15.408, Table 15-2. By submitting this proposal, we grant the Contracting Officer, Lockheed Martin and authorized representatives 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 → January 25, 2020

11 ← *Dan Little*
Dan Little, President/CEO

Cover Sheet

SF 1411 Example

2. Name and address of Offeror

5. Type of contract

7. Whether Government Property is Required

9. Required FAR statement

11. Name, Title and signature

1. Solicitation, contract, and/or modification number

3. Name and telephone number of Point of Contact

5. Type of contract

6. Proposed Cost; profit or fee; and total

4. Name of Government contact Admin Office

8. Whether the offeror is subject to Cost Accounting Standards

10. Date

Each number correlates to one of the 11 subparts of FAR.408 Table 2 Section 1.A

CONTRACT PRICING PROPOSAL COVER SHEET
(Cost or Pricing Data Required)

SOLICITATION/CONTRACT/MODIFICATION NUMBER: []
FORM No. - 9000 0013
Expires: 09/30/98

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (VRS), Office of Federal Acquisition Policy, GSA, Washington, DC 20405.

1. NAME OF OFFEROR
2. FIRST LINE ADDRESS
2b. STREET ADDRESS
2d. CITY
2e. STATE
2f. ZIP CODE

3. NAME OF OFFEROR'S POINT OF CONTACT
3a. TITLE OF OFFEROR'S POINT OF CONTACT
3c. TELEPHONE
AREA CODE NUMBER

4. TYPE OF CONTRACT ACTION (Check)
a. NEW CONTRACT
b. CHANGE ORDER
c. PRICE REVISION/REDETERMINATION
d. LETTER CONTRACT
e. UNPRICED ORDER
f. OTHER (Specify)

5. TYPE OF CONTRACT (Check)
FPP
FPI
CPFF
OTHER (Specify)
CPIF
CPAF

6. PROPOSED COST (A+B=C)
A. COST
B. PROFIT/FEE
C. TOTAL

7. PERFORMANCE
PLACE
PERIOD

8. List and reference the identification, quantity and total price proposed for each contract line item. A line item cost breakdown supporting this recap is required unless otherwise specified by the Contracting Officer. (Continue on reverse, and then on plain paper, if necessary. Use same headings.)

a. LINE ITEM NO.	b. IDENTIFICATION	c. QUANTITY	d. TOTAL PRICE	e. PROP. REF. PAGE

9. PROVIDE THE FOLLOWING (If available)
NAME OF CONTRACT ADMINISTRATION OFFICE
STREET ADDRESS
CITY
STATE
ZIP CODE
TELEPHONE
AREA CODE
NUMBER
NAME OF AUDIT OFFICE
STREET ADDRESS
CITY
STATE
ZIP CODE
TELEPHONE
AREA CODE
NUMBER

10. WILL YOU REQUIRE THE USE OF ANY GOVERNMENT PROPERTY IN THE PERFORMANCE OF THIS WORK? (If "yes" identify)
YES NO

11a. DO YOU REQUIRE GOVERNMENT CONTRACT FINANCING TO PERFORM THIS PROPOSED CONTRACT? (If "yes," complete item 11B)
YES NO
ADVANCE PAYMENT
PROGRESS PAYMENTS
GUARANTEED LOANS

11b. TYPE OF FINANCING (Check one)
ADVANCE PAYMENT
PROGRESS PAYMENTS
GUARANTEED LOANS

13. IS THIS PROPOSAL CONSISTENT WITH YOUR ESTABLISHED ESTIMATING AND ACCOUNTING PRACTICES AND PROCEDURES AND FAR PART 31, COST PRINCIPLES? (If "no," explain on reverse of form)
YES NO

14. COST ACCOUNTING STANDARDS BOARD (CASB) DATA (Public Law 91-379 as amended and FAR PART 30)
a. WILL THIS CONTRACT ACTION BE SUBJECT TO CASB REGULATIONS? (If "no," explain in proposal)
YES NO
b. HAVE YOU SUBMITTED A CASB DISCLOSURE STATEMENT (CASB DS-1 or 2)? (If "yes," specify in proposal the office to which submitted and if determined to be adequate)
YES NO
c. HAVE YOU BEEN NOTIFIED THAT YOU ARE OR MAY BE IN NONCOMPLIANCE WITH YOUR DISCLOSURE STATEMENT OR COST ACCOUNTING STANDARDS? (If "yes," explain in proposal)
YES NO
d. IS ANY ASPECT OF THIS PROPOSAL INCONSISTENT WITH YOUR DISCLOSED PRACTICES OR APPLICABLE COST ACCOUNTING STANDARDS? (If "yes," explain in proposal)
YES NO

15. NAME OF OFFEROR (Type)
16. NAME OF FIRM

17. SIGNATURE
18. DATE OF SUBMISSION

STANDARD FORM 1411 (REV. 10-95)
Prescribed by GSA - FAR (48 CFR) 53.215-2(a)

Download the SF1411: [Here](#)

Index

Include an Index, appropriately referenced, identifying all certified cost or pricing data and information accompanying or identified in the proposal and is a separate table from the Table of Content.

- This is a living document that is updated throughout review and analysis
- The document is updated with any future additions and/or revisions, up to the date of agreement on price
- This index and all supplements must be included as an attachment to the Offeror's Certificate of Current Cost or Pricing Data to be provided at the conclusion of negotiations

Index of Certified Cost or Pricing Data				
Item #	Description	Included in Proposal	Cost Element Supporting	Proposal Location
1	Doc. 12HA CY2017/2019; Historical Actuals for Mfg. Labor for Calendar Years 2017 thru 2019, dated 5 March 2020	Yes	Direct Labor	Cost Vol.; Labor Appendix A, pg 47-54
2	Rate Package XYZ123; dated 01 April 2020 submitted to DCAA on 16 March 2020	No	Rates and Factors	Headquarters; Executive Bldg; second floor; column R21; Jonathan Smith (Custodian)
3	Historical Travel Cost Report; dated 27 March 2020	Yes	ODC - Travel	Cost Volume; other Direct Cost tab; pg. 41
4	Scrap Actuals History Report - Material Scrap actuals - Last three years, dated 13 April 2020	Yes	Direct Material	Appendix A
5				



This document can be completed after the supplier has put together the proposal, so accurate page numbers are used in the Index

Cost Elemental Breakdown

Cost Element Breakdown typically includes but is not limited to the following cost elements:

- Total Direct Labor hours and cost
- Total Material cost
- Other Direct Cost (ODC)
- Indirect Cost (G&A, Overhead, Fringe, etc.)
- Profit/Fee

Proposals covering multiple years or price points (min/mid/max) require a cost element break down **and** summary totals for each year or price point

- Ensure that part pricing is included in the proposal and reconcile to summary pricing
- All numbers (hours, rates, qty) need to be supported with logical tracing/mapping back to the source data
- Nonrecurring Expenses (NRE) are considered a separate line item



If a proposal has multiple CLINs, it must include cost elemental breakdown per CLIN which flows into a total cost summary breakdown

Cost Elemental Breakdown Example

Show combined total

Show each proposed year

Show each part

	Rates	2021			2022			Total All Years
		Part 1	Part 2	2021 Total	Part 1	Part 2	2022 Total	
Direct Labor								
Manufacturing Direct Labor Hours		6000	3600	9600	6000	3600	9600	19200
Manufacturing Direct Labor Cost	\$20.00	\$273,900	\$164,340	\$438,240	\$20.60	\$277,656	\$166,594	\$444,250
Manufacturing Overhead	300.00%	\$27,910	\$16,746	\$44,657	305.00%	\$26,794	\$16,076	\$42,870
Manufacturing Cost		\$301,810	\$181,086	\$482,897		\$304,450	\$182,670	\$487,120
Engineering Direct Labor Hours		3000	2160	5160	3000	2160	5160	10320
Engineering Labor Cost	\$45.87	\$167,610	\$120,679	\$288,289	\$47.13	\$171,378	\$123,392	\$294,770
LOE Labor Hours		10	25	35	10	25	35	70
LOE Labor Cost	\$45.76	\$358	\$894	\$1,252	\$46.98	\$370	\$925	\$1,294
Material								
Direct Material		\$11,128	\$80,057	\$91,185		\$11,295	\$80,774	\$92,070
Material Handling	10.60%	\$2,849	\$20,494	\$23,343	10.69%	\$3,128	\$22,366	\$25,494
Material Cost		\$13,977	\$100,551	\$114,528		\$14,423	\$103,140	\$117,564
ODC								
ODC		\$0.00	\$5,710.00	\$5,710		\$0.00	\$0.00	\$0
Subtotal Cost		\$483,755	\$408,921	\$892,676	\$490,621	\$410,127	\$900,748	\$1,793,423
Indirect Cost								
G&A	7.57%	\$36,620	\$30,955	\$67,576	7.93%	\$38,926	\$32,539	\$71,465
Total Cost		\$520,376	\$439,876	\$960,251	\$529,546	\$442,666	\$972,213	\$1,932,464
FCCM	0.36%	\$1,873	\$1,584	\$3,457	0.38%	\$2,012	\$1,682	\$3,694
Profit								
Profit	11.08%	\$57,662	\$48,742	\$106,405	11.08%	\$58,679	\$49,051	\$107,730
Price		\$579,911	\$490,202	\$1,070,113	\$590,237	\$493,400	\$1,083,637	\$2,153,750

Proposal Total

Incurring Cost

Incurring Cost, per FAR 15.408, Table 15-2, I.F, are costs associated with work performed *before* submitting the proposal

- If the supplier has incurred cost, they must be identified in the Cost or Pricing Data

Forward Pricing Rate Agreement (FPRA)

Agreements with the Government on use of forward pricing rates/factors, FAR 15.408, Table 15-2, I.G, are to be included with the proposal submission and include

- A copy of the FPRA approval page
- Description of the nature of the agreement

If there is no FPRA, the proposal must identify all rates and factors by year that are utilized in the development of the proposal and the basis for those rates and factors

DESCRIPTION	REFERENCE
Direct Labor Rates	2018-2024: Agreement Rates and Effective Date 06/07/18 - Ref: Forward Pricing Rate Agreement dated 07 June 2018
Overhead, Fringe, and Prorates	2018-2024: July 5, 2018 – DACO revoked 19 Oct 2017 FPRA rates. Negotiations on new OH FPRA have commenced with new data being provided to DACO in anticipation of new FPRA in near future. In the interim, our current FPRA (Oct 19, 2017) will continue to be used until new rates can be established.
Facilities Capital Cost of Money (FCCOM)	2018-2024: Agreement Rates and Effective Date 06/07/18 - Ref: Forward Pricing Rate Agreement dated 07 June 2018.

Certified Cost or Pricing Data

FAR 2.101 defines *certified cost or pricing data* as “cost or pricing data” that were required to be submitted in accordance with **FAR 15.403-4** and **15.403-5** and have been certified, or are required to be certified, in accordance with **FAR 15.406-2**



FAR 2.101 further defines “*cost or pricing data*” as ***all facts that, as of the date of price agreement or, if applicable, an earlier date agreed upon between the parties that is as close as practicable to the date of agreement on price, prudent buyers and sellers would reasonably expect to affect price negotiations significantly***

Certified cost or pricing data are factual, not judgmental, and are verifiable. While this data does not indicate the accuracy of the Offeror’s judgment about estimated future costs or projections, it does include the data forming the basis for that judgment

Keep in mind that certified cost or pricing data are more than historical accounting data; they are all facts that can be reasonably expected to contribute to the soundness of estimates of future costs and to the validity of determinations of costs already incurred

This is the certification that the data submitted, in support of the proposal, is in accordance with FAR. It is independent of the certification that is required at the time of price agreement

Material

A Consolidated Bill of Material (CBOM) is a roll up of all the individual material parts and services in the proposal. A CBOM is a consolidation of the individual line item Bill of Materials (BOMs)

- The CBOM is used to aggregate the quantity of material used, and evaluate if there are duplicate efforts in the acquisition
- Determines the price reasonability if the same material is used in multiple Work Breakdown Structures (WBS), Task Orders (TOs) or Contract Line Item Numbers (CLINs) and provides the basis for pricing
- Ensures uniformity and consistency among proposals
- Material estimating methodology needs to be supported and include rationale
 - Escalation
 - Other markups
- Material CBOM must reconcile to the Cost Element Breakdown

Consolidated Bill of Material

Part #	Desc.	QTY	Unit Price	total Price	Supplier	Basis
1.2	Screw	52	.54	\$28.08	Hold Inc.	Invoice
45.d	Pump	8	\$90.85	\$726.80	Island Corp.	PO
6.A	Tire	4	\$98.76	\$395.04	Mars Inc.	Invoice
Total Material				\$1,149.92		

Bill of Material - Part Y

Part #	Desc.	QTY	Unit Price	total Price	Supplier	Basis
1.2	Screw	5	\$.54	\$2.70	Hold Inc.	Invoice
45.d	Pump	8	\$90.85	\$726.80	Island Corp.	PO
Total Material				\$729.50		

Bill of Material - Part X

Part #	Desc.	QTY	Unit Price	total Price	Supplier	Basis
6.A	Tire	4	\$98.76	\$395.04	Mars Inc.	Invoice
1.2	Screw	47	\$.54	\$25.38	Hold Inc.	Invoice
Total Material				\$420.42		



Items are to be submitted with proposal or provide a schedule showing expected submission date

Material (Continued)

A Consolidated Bill of Material (CBOM) needs to include the following 5 basic elements:

1. Item (Part Number and description)
2. Quantity (Unit of Measure)
 - If the contract Period of Performance exceeds one year, quantify annual spend and provide total effort summary
3. Source (Supplier)
 - Identify sub tier suppliers over applicable threshold
4. Cost Basis (negotiated/invoice prices, vendor quotes, average unit pricing, prior purchase history, long term agreements, etc.)
5. Price (Unit Price and Extended Cost)
 - Unit price on CBOM should tie to BOM, which should tie to support



FAR 15.403-1, effective July 2019, requires two or more responsible offerors, competing independently, to satisfy adequate competition

Material – sub tier suppliers over threshold

Identify sub tier suppliers over applicable threshold

If the total potential price of material procured from any one vendor exceeds The Truthful Cost or Pricing Data Act threshold, supplier/sub contractor needs to conduct adequate substantiation of sub tier spend using one of the following:

- Cost Price Analysis
- Adequate competition must provide evidence of receipt of competitive bids
- Commercial Item Determination (CID)
 - If a sub-tier supplier claims Commerciality, the Supplier will conduct a CID review and provide a robust CID report to Lockheed Martin with supporting documentation

Schedule for Cost and Pricing Data

Sub-tier Supplier	Sub-tier Description	Type	Dollar Amount	Provided or Due Date
A/R Products	Aluminum Latches	CoPD	\$2,947,082	30-Jul-20
GDO Lighting	Valve and lights	Competitive	\$11,567,587	Provided
Vance tooling	Latches	CID	\$4,541,822	01-Aug-20



Sub tier over the threshold:

Competitive quotes, CID and CoPD reports must be submitted with proposal or if not available, provide an estimate date when data will be provided

Material - CBOM Example

Item Part #	Item Description	Supplier	Source	2021			2022			Total QTY	Total Extended Cost
				Unit Cost	Qty (EA)	Ext. Cost	Per Unit	Qty (EA)	Ext. Cost		
1111-1	cable	A	Quote	\$ 1,256.76	5	\$ 6,283.80	\$ 1,256.76	5	\$ 6,283.80	10	\$ 12,567.60
1111-2	screw	B	LTA	\$ 156.79	5	\$ 783.95	\$ 156.79	5	\$ 783.95	10	\$ 1,567.90
1111-3	bolt	C	PO History	\$ 2.50	46	\$ 115.00	\$ 2.58	46	\$ 118.45	92	\$ 233.45
1111-6	bolt	F	Quote	\$ 459.36	5	\$ 2,296.80	\$ 459.36	5	\$ 2,296.80	10	\$ 4,593.60
1111-7	cable	G	LTA	\$ 17.65	5	\$ 88.25	\$ 17.65	5	\$ 88.25	10	\$ 176.50
1111-8	screw	H	Standard	\$ 3.25	5	\$ 16.25	\$ 3.35	5	\$ 16.74	10	\$ 32.99
2111-1	cable	A	Quote	\$ 3,276.14	18	\$ 58,970.52	\$ 3,276.14	18	\$ 58,970.52	36	\$ 117,941.04
2111-2	screw	B	LTA	\$ 87.89	18	\$ 1,582.02	\$ 87.89	18	\$ 1,582.02	36	\$ 3,164.04
2111-5	screw	G	LTA	\$ 152.47	18	\$ 2,744.46	\$ 152.47	18	\$ 2,744.46	36	\$ 5,488.92
2111-6	bolt	H	Quote	\$ 14.50	18	\$ 261.00	\$ 14.50	18	\$ 261.00	36	\$ 522.00
3111-1	cable	B	PO History	\$ 43.67	23	\$ 1,004.41	\$ 44.98	23	\$ 1,034.54	46	\$ 2,038.95
3111-3	bolt	D	LTA	\$ 129.98	23	\$ 2,989.54	\$ 129.98	23	\$ 2,989.54	46	\$ 5,979.08
3111-4	cable	E	Quote	\$ 65.87	23	\$ 1,515.01	\$ 65.87	23	\$ 1,515.01	46	\$ 3,030.02
3111-5	screw	G	Standard	\$ 0.98	23	\$ 22.54	\$ 1.01	23	\$ 23.22	46	\$ 45.76
3111-6	bolt	H	Quote	\$ 29.99	23	\$ 689.77	\$ 29.99	23	\$ 689.77	46	\$ 1,379.54
4111-1	cable	A	Quote	\$ 264.53	34	\$ 8,994.05	\$ 264.53	34	\$ 8,994.05	68	\$ 17,988.09
4111-5	screw	E	Standard	\$ 0.25	34	\$ 8.50	\$ 0.26	34	\$ 8.76	68	\$ 17.26
4111-6	bolt	F	LTA	\$ 142.45	34	\$ 4,843.30	\$ 142.45	34	\$ 4,843.30	68	\$ 9,686.60
4111-8	screw	H	PO History	\$ 3.25	34	\$ 110.50	\$ 3.35	34	\$ 113.82	68	\$ 224.32
				Total		\$ 93,319.67			\$ 93,357.98		\$ 186,677.65

Escalation Rate 3%

Extended Period of Performance QTY

Extended Period of Performance Cost

CBOM Total

Direct Labor Rate

Identify the proposed direct labor rates

Explain how the proposed direct labor rates were derived and calculated

Provide detailed explanations and reference to rate estimating methodology and adjustments, such as wage rate escalation and salaried workers labor rate conversion

- Direct labor rates are expected to be presented in hours
(\$100,000 / 2,080 hours = \$48.07 per hour)
- Time phased Breakdown of direct labor costs by proposed labor category

Direct Labor Rates

Resource	2019	2020	2021	2022
BA - Program Manager	74.93	77.18	79.49	81.88
EA - Senior Engineer	54.09	55.71	57.38	59.11
EE - Engineer II	40.97	42.20	43.47	44.77
EF - Engineer I	35.46	36.52	37.62	38.75
BD - Drafting	30.23	31.14	32.07	33.03
A1 - Assembly	25.54	26.31	27.10	27.91
T1 - Test/QA	23.25	23.95	24.67	25.41

2019 direct labor reflects actual 2018 department-level averages escalated by 3%

Rates applied for 2020 through 2022 reflect 3% annual escalation per PPI90210556 (Global Insight, 4th quarter 2018)

Employee-level detail from 2018 is available upon request

Direct Labor Hours

Explain how proposed labor hours were derived and calculated

Describe your Basis of Estimate (i.e. Historical, similar to programs/products, learning curve, engineering estimate, Standards, Cost Estimating Relationships (CERs), etc.)

Provide time phased breakdown of hours by deliverable items and proposed labor category

- Breakdown of direct labor hours by proposed labor category, summarized by year and at contract level
- Direct Labor rate and hour data must reconcile to the Cost Element Breakdown



Supporting data to substantiate will be required during the proposal analysis phase

Basis of Estimates (BOE)

- FAR 15.408, Table 15-2, II. Cost Elements, B. Direct Labor states “Provide a time-phased (e.g., monthly, quarterly, etc.) breakdown of labor hours, rates, and cost by appropriate category, and furnish bases for estimates.”
- Sole-source / ECP proposals with U.S. Government customers require full DFARS and RFP compliance that demands substantiated Basis of Estimates
- A BOE is written so that customers and auditors can validate our estimate
- Documents and substantiates effort required to perform tasks
 - Details understanding of requirements & conveys credibility by clearly defining the task
 - Demonstrates that estimates are credible, defensible and realistic (historical data)
 - Time-phased consistent with IMP/IMS & Aligns with WBS and SOW
- The Basis of estimate needs a clear rationale for each proposed labor category
 - Historical labor data, if applicable
 - Similar to program or products
 - Learning curves
 - Engineering Estimates
 - Cost Estimating Relationships (CERs)
 - Standards



Basis of Estimates (BOE)

MATERIAL

- A BOE should be created for Material as well to include the following:
 - Total Material Cost at Base Year
 - Escalation applied with a basis or source of the applied escalation annually
 - Scrap Rate applied with a basis of the source of the scrap rate
 - Any other factor applied with an explanation of the basis and source of that factor
 - Equations as applied to the base material

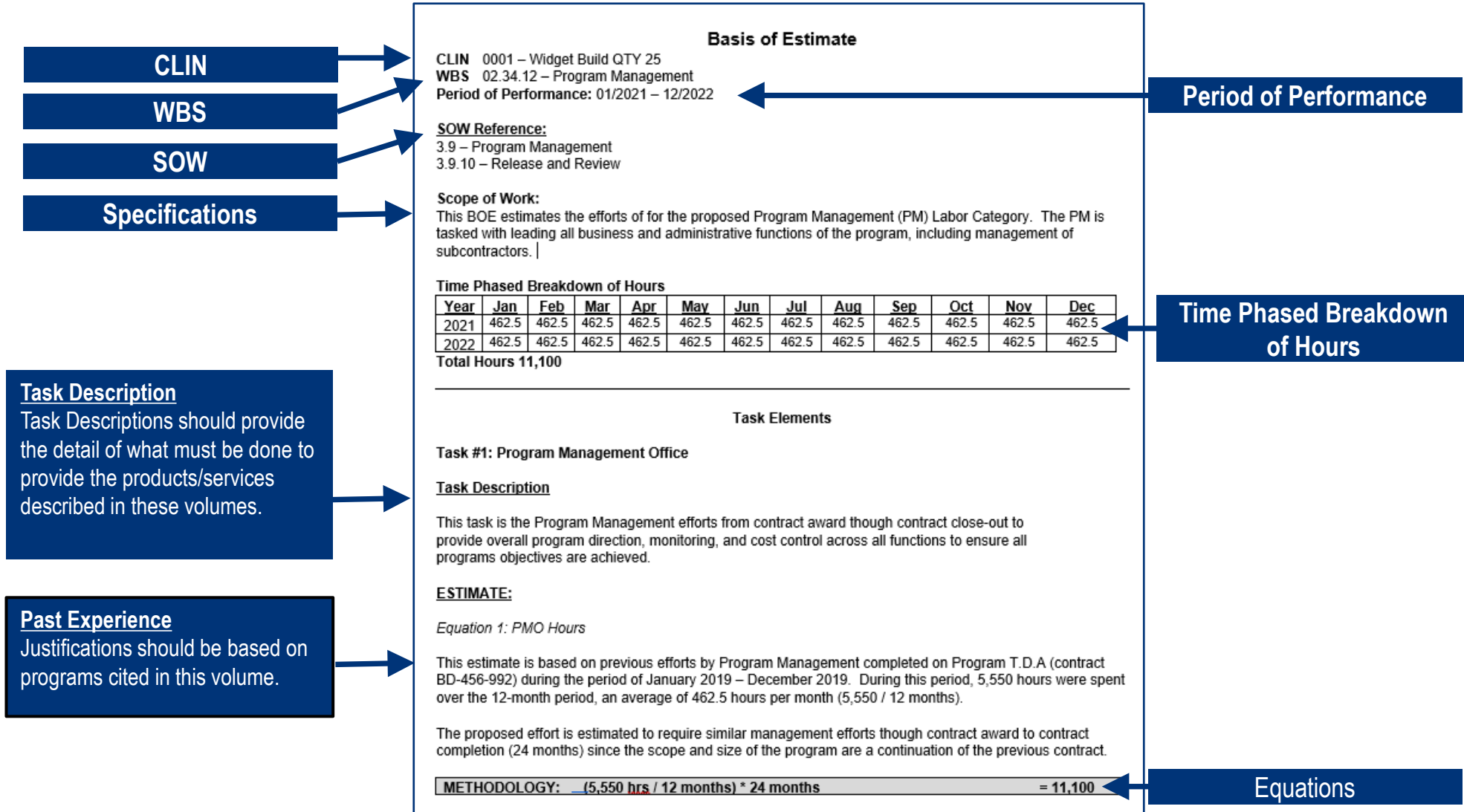
ODC

- A BOE should be created for ODC costs
 - ODC will be covered below

Rates and Factors

- A BOE should be created to show base rates and basis of rates
 - Should include any escalation or factors applied to the rates and the basis of the escalation or factors applied
 - Equations as applied to the base rates

BOE Relationship to Customer Requirements (RMS)



Indirect Cost

In your Basis of Estimate, describe your estimating process, including how your indirect rates were calculated and applied

Example of indirect rates may include overhead, G&A, fringe, material handling, cost of money, etc.



Provide trends and budgetary data as a basis for evaluating the reasonableness of proposed rate

- FAR expectation is minimum three years of historical data
- Flatlining of indirect rates is considered to be not FAR compliant

Indirect cost data must reconcile to the Cost Element Breakdown

Other Direct Cost (ODC)

List all other costs not otherwise included in the categories previously discussed and provide basis for pricing

Travel

- Each trip must include
 - number of attendees
 - days on the trip
 - locations visited
 - Travel rates (Car Rental, airfare, per diem, etc.)

Other examples of ODC:

- consultant services
- Rental equipment
- Packing and packaging

ODC - Trip to Fort Worth, TX			
Item	Quantity	U/P	Extended
Airfare	1	\$600.00	\$600
Hotel	3	\$100.00	\$300
Per diem	3	\$70.00	\$210
Rental car	3	\$80.00	\$240
Misc	1	\$50.00	\$50
Total			\$1,400

Basis	Source
<i>D3 assumes one supplier site visit by staff for PKO.</i>	
1 person X 1 flight X \$600	Travelocity
1 person X 3 nights X \$100/night	Travelocity
1 person X 3 days X \$70 per diem	USG Per Diem Rate
1 rental car X 3 days X \$80/day	Travelocity
Misc covers as needed supplies while on	Estimate

ODC data must reconcile to the Cost Element Breakdown

For illustrations of the Cost Elemental Breakdown (CEB), Bill of Materials (BOM), Consolidated BOM (CBOM), Labor, and Other Direct Costs (ODC)



Download sample:




Royalties

If royalties exceed \$1,500, 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; and
- (10) If specifically requested by Lockheed Martin, a copy of the current license agreement and identification of applicable claims of specific patents (see FAR 27.202 and 31.205-37).

Facilities Capital Cost of Money (FCCM)

Submit Form CASB-CMF if FCCM is proposed

Royalties and FCCM data must reconcile to the Cost Element Breakdown



Download a Form:
[Here](#)

Formats for Submission of Line Item Summary

New Contacts

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

Change Orders, Modifications, and Claims

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cost Elements	Estimate	Cost of Deleted Work Already Performed	Net Cost to be Deleted	Cost of Work Added	Net Cost of Change	Reference

Price Revision / Redetermination

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

For detailed instructions on each column referenced (#) →

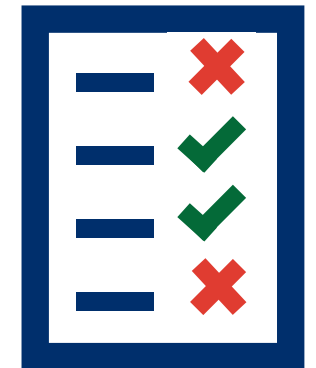


Download Instruction:



Common Proposal Adequacy Checklist (F330) Errors

- Not answering all questions or not answering correctly
- No Index
- Estimating methodology applied is not discussed
- No Cost Breakdown provided for each part
- NRE included in recurring part price
- No CBOM (Consolidated Bill of Material)
- Sub-tier suppliers are not substantiated
- Non-competitive \$2M+ Sub-tier CPA reports are not provided with proposal
- **Competitive \$2M+ Sub-tiers – missing all competitor’s quotes to validate competition**
- Inter-organizational cost is not substantiated or is incorrectly treated as a sub-tier
- No BOE for Labor; labor cost not broken down by Category, Skill, Task, WBS, Hours, Rates
- No support provided for Indirect Rates (or inadequate support provided)
- FCCOM is proposed but not substantiated
- Supporting Data is not provided in Excel
- **No letter of refusal provided when requesting DCMA audit assistance**
 - Letter does not specify whether permission is granted for the “US government to release a copy of their findings to Lockheed Martin”



Point of Contact

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Questions





Back up Slides



Adequate Price Competition

- FAR 15.403-1 change
 - Effective July 12, 2019 – Immediate implementation with no grace period
 - Procurement Contracting Officers cannot waive the new requirement
- The new FAR requires two or more responsible offerors, competing independently, submit priced offers that satisfy the requirement
 - Eliminates competition exception when only one responsible offer is received
- Based on section 822 of the National Defense Authorization Act
 - “Section 822 excludes from the standard for adequate price competition the situation in which there was an expectation of competition but only one offer is received.”
 - from 27494 Federal Register / Vol. 84, No. 113 / Wednesday, June 12, 2019 / Rules and Regulations
 - Department of Defense (DoD), General Services Administration (GSA), National Aeronautics and Space Administration (NASA)

Indirect Cost Example

Show 3 Years
Of Actuals

G&A
Expense
Examples

G&A Rate					
Expense	2017 Actual	2018 Actual	2019 Actual	2020	2021
Salaries/Wages - Officer	\$469,566	\$391,305	\$439,669	\$494,010	\$525,627
Salaries/Wages	\$53,907	\$56,744	\$59,730	\$62,874	\$66,898
Interest	\$10,186	\$11,317	\$12,575	\$13,972	\$14,866
Payroll Taxes	\$20,210	\$26,946	\$35,928	\$47,904	\$53,652
Vacation	\$22,444	\$25,504	\$28,982	\$32,934	\$32,440
Holiday	\$24,475	\$20,395	\$23,443	\$26,946	\$26,919
Sick Leave	\$3,518	\$3,953	\$4,441	\$4,990	\$2,280
Legal Fees	\$5,990	\$6,305	\$6,637	\$6,986	\$13,972
Accounting Fees	\$5,093	\$5,659	\$6,287	\$6,986	\$8,663
Computer	\$7,368	\$9,824	\$13,099	\$17,465	\$14,845
Rent	\$13,911	\$11,593	\$13,174	\$14,970	\$14,820
Advertising	\$5,597	\$6,434	\$7,395	\$8,500	\$8,415
Telephone	\$7,046	\$7,496	\$7,974	\$8,483	\$8,398
Insurance	\$6,640	\$5,534	\$6,218	\$6,986	\$7,782
B&P (including labor and overhead)	\$7,273	\$7,656	\$8,059	\$8,483	\$9,450
Total	\$663,224	\$596,665	\$673,611	\$762,489	\$809,027

Unallowable					
Interest	(\$10,186)	(\$11,317)	(\$12,575)	(\$13,972)	(\$14,866)
Contributions	(\$6,845)	(\$7,206)	(\$7,585)	(\$7,984)	(\$3,649)
Advertising	(\$5,597)	(\$6,434)	(\$7,395)	(\$8,500)	(\$8,415)

G&A Expenses minus Unallowable

Total Allowable	\$640,596	\$571,708	\$646,056	\$732,033	\$782,097
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Direct & Indirect
Manufacturing
Cost

Direct Labor	\$2,184,929	\$2,427,698	\$2,452,221	\$2,229,292	\$2,318,463
Labor Overhead	\$1,089,105	\$1,042,867	\$1,167,582	\$1,311,713	\$1,317,048
Other Direct Costs (ODC)	\$29,351	\$29,057	\$28,767	\$29,351	\$29,057
Direct Material	\$5,554,032	\$5,776,193	\$6,007,241	\$5,554,032	\$5,776,193
Material Handling	\$229,031	\$214,120	\$240,622	\$270,732	\$281,095
Total Allocation Base	\$9,086,448	\$9,489,935	\$9,896,433	\$9,395,120	\$9,721,856

General & Administrative Rate	7.1%	6.0%	6.5%	7.8%	8.0%
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G&A Rate

(Total Allowable / Total Manufacture Cost)

Supplier Compliant and Timely Proposal Requirements

The Following is Required From Supplier with RFQ Response:

Access to books and records

Lockheed Martin or US Government

Supplier's Proposal

Proposal including all non-competitive part numbers and NRE

Form F330 Adequacy Checklist

Filled out completely, manually signed and with page numbers/tabs referenced

Form RF540

CAS Certification

Certified Cost or Pricing Data (CCOPD)

Documentation to support all cost elements must be provided with the proposal on due date

A Cost Breakdown by cost element for all part numbers and NRE is required