**PROPOSAL ADEQUACY CHECKLIST**

**PREPARATION GUIDELINES**

This solicitation is issued in support of a U.S. Government prime contract subject to the Truth in Negotiations Act. Pursuant to FAR 52.215-12, if Offeror’s proposal is equal to or greater than $750,000, Offeror must submit to the Lockheed Martin Authorized Procurement Representative (hereinafter referred to as the Lockheed Martin Buyer) certified cost or pricing data or submit sufficient information for Lockheed Martin to determine that Offeror’s proposal is subject to an exception to the requirement to submit certified cost or pricing data. Offeror is responsible for providing well-prepared and fully supportable cost proposals. The basis and rationale for all proposed costs shall be provided as part of the proposal so that Lockheed Martin may determine whether Offeror’s proposal complies with the requirements of the Truth and Negotiations Act and serves as a basis for negotiation of fair and reasonable prices and other terms of any resultant subcontract.

This Checklist must be completed and submitted as part of Offeror’s proposal. Offeror shall complete Section I for a proposal subject to the Truth in Negotiations Act. If Offeror claims that an exception to the requirement to submit certified cost or pricing data applies at any subcontracting level, Offeror must complete Section II (begins at Item 33).

Offeror is responsible for ensuring compliance with the Truth in Negotiations Act with respect to Offeror’s lower tier subcontractors. Lockheed Martin recommends that Offeror provide this (or a similar) checklist to lower tier subcontractors with proposals that are equal to or greater than $750,000 and that the elements of the Checklist (or elements of a similar checklist) be used to evaluate the adequacy of a lower tier subcontractor’s/affiliate’s proposal.

Offeror is advised that Lockheed Martin and the Government may determine costs associated with revising/reworking inadequate cost proposals as unreasonable, and must consider the nature and extent of any proposal inadequacies when assessing/negotiating profit.

**NOTE TO OFFEROR: OFFEROR must provide the specific location in its proposal where compliancy for each item can be verified in the “PROPOSAL LOCATION” column. For example “Cost Volume; Section B; pages 19-21”. In order to preclude delays in negotiations and contract award, Offeror must discuss the basis for all “NO” or “N/A” responses in the “PROVIDE EXPLANATION” column. Failure to properly complete the proposal Checklist will delay evaluation of Offeror’s proposal and prevent award of a subcontract. Offeror should direct any questions regarding this Checklist to the Lockheed Martin point of contact identified in the solicitation.**

|  |  |
| --- | --- |
| **Offeror:** | **Program:** |
| **Proposal No.:** | **Effort:** |
| **Date:** | **Offeror’s Representative:** |

***Note 1:*** *There is a clear distinction between submitting certified cost or pricing data and merely making available books, records, and other documentation without identification. The requirement for submission of certified cost or pricing data is met when all accurate certified cost or pricing data reasonably available to Offeror have been submitted, either actually or by specific identification to the Lockheed Martin Buyer. As later information comes into Offeror’s possession, it should be submitted promptly to the Lockheed Martin Buyer in a manner that clearly shows how the information relates to Offeror’s price proposal. The requirement for submission of certified cost or pricing data continues up to the time of agreement on price, or an earlier date agreed upon between the parties if applicable.*

***Note 2:*** *By submitting a proposal, the Offeror grants Lockheed Martin, the Contracting Officer (CO) or an authorized representative the right to examine records that formed the basis for the pricing proposal. That examination can take place at any time before award. It may include those books, records, documents, and other types of factual information (regardless of form or whether the information is specifically referenced in the proposal as the basis for pricing) that will permit an adequate evaluation of the proposed price.*

| **LM Only**  **C** | **LM Only**  **NC** | **ITEM #** | **ITEM DESCRIPTION** | **REFERENCE** | **YES** | **NO** | **N/A** | **PROVIDE EXPLANATION IF “NO” or “N/A” *(use continuation page if necessary)*** | **PROPOSAL LOCATION (Be specific)** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | 1. **F A R C O M P L I A N C E**   **S E C T I O N**  **(Certified Cost or Pricing Data Required)** |  |  |  |  |  |  |
|  |  |  | **GENERAL INSTRUCTIONS** |  |  |  |  |  |  |
|  |  | **1** | A. Has the Offeror provided the following information on the first page of the pricing proposal? Offer must respond to each of the 11 sub-items separately. | FAR 15.408, Table 15-2, Section I, Paragraph A. (1) – (11) |  |  |  |  |  |
|  |  |  | (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 (that is, new contract, change order, price revision/redetermination, letter contract, unpriced order, or other); |  |  |  |  |  |  |
|  |  |  | (6) Proposed cost; profit or fee; and total; |  |  |  |  |  |  |
|  |  |  | (7) Whether the offer will require the use of Government property in the performance of the contract, and, if so, what property. |  |  |  |  |  |  |
|  |  | *Note* | *Concerning Government furnished property, please provide the accountable contract number and contracting officer contact information if known.* |  |  |  |  |  |  |
|  |  |  | (8) Whether Offeror’s organization is subject to cost accounting standards; whether Offeror’s organization has submitted a CASB Disclosure Statement, and if it has been determined adequate; whether Offeror has been notified that Offeror is or may be in noncompliance with Offeror’s Disclosure Statement or CAS (other than a noncompliance that the cognizant Federal agency official has determined to have an immaterial cost impact), and, if yes, an explanation; whether any aspect of this proposal is inconsistent with Offeror’s disclosed practices or applicable CAS, and, if so, an explanation; and whether the proposal is consistent with Offeror’s established estimating and accounting principles and procedures and FAR Part 31, Cost Principles, and, if not, an explanation; |  |  |  |  |  |  |
|  |  |  | (8a) Has Offeror included a completed Cost Accounting Standards, Notices and Certification, RF540 with its proposal? |  |  |  |  |  |  |
|  |  |  | (9) The following statement*: “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, 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.”* |  |  |  |  |  |  |
|  |  |  | (10) Date of submission; and |  |  |  |  |  |  |
|  |  |  | (11) Name, title, and signature of authorized representative. |  |  |  |  |  |  |
|  |  | **2** | Does the proposal disclose any other known activity that could materially impact the costs? This may include, but is not limited to, such factors as—  (1) Vendor quotations;  (2) Nonrecurring costs;  (3) Information on changes in production methods and in production or purchasing volume;  (4) Data supporting projections of business prospects and objectives and related operations costs;  (5) Unit-cost trends such as those associated with labor efficiency;  (6) Make-or-buy decisions;  (7) Estimated resources to attain business goals; and  (8) Information on management decisions that could have a significant bearing on costs. | FAR 15.408, Table 15-2, Section I, Paragraph C.(1), FAR 2.101 |  |  |  |  |  |
|  |  | **3** | Has the Offeror included an index, appropriately referenced, of all Certified Cost or Pricing Data and information accompanying or identified in the proposal? In addition, Offeror must annotate any future additions and/or revisions, up to the date of agreement on price, or an earlier date agreed upon by the parties, on a supplemental index. | FAR 15.408, Table 15-2, Section I, Paragraph B. |  |  |  |  |  |
|  |  | *Note* | *As required by the RFP, this index and all supplements must be included as an attachment to Offeror’s Certificate of Current Cost or Pricing Data to be provided at the conclusion of negotiations.* |  |  |  |  |  |  |
|  |  | **4** | As part of the specific information required, has Offeror submitted, with the proposal, Certified Cost or Pricing Data (that is, data that are verifiable and factual and otherwise as defined at FAR 2.101). Offeror must clearly identify on the cover sheet that Certified Cost or Pricing Data are included as part of the proposal. | FAR 15.408, Table 15-2, Section I, Paragraph C.(1) |  |  |  |  |  |
|  |  | **5** | In addition, has Offeror submitted with the proposal any information reasonably required to explain Offeror’s estimating process, including - | FAR 15.408, Table 15-2, Section I, Paragraph C.(2) |  |  |  |  |  |
|  |  |  | (1) The judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data; and | FAR 15.408, Table 15-2, Section I, Paragraph C.(2)(i) |  |  |  |  |  |
|  |  |  | (2) The nature and amount of any contingencies included in the proposed price. | FAR 15.408, Table 15-2, Section I, Paragraph C.(2)(ii) |  |  |  |  |  |
|  |  | **6** | Does the proposal explain the basis of all cost estimating relationships (labor hours or material) proposed on other than a discrete basis? | FAR 15.408, Table15-2, Section II, Paragraph D. |  |  |  |  |  |
|  |  | **7** | Has Offeror attached cost elemental breakdowns for each proposed line item? Offeror must furnish supporting breakdowns for each cost element, consistent with Offeror's cost accounting system. Offeror must show the relationship between contract line item prices and the total contract price. | FAR 15.408, Table 15-2, Section I, Paragraph D. |  |  |  |  |  |
|  |  | **8** | If more than one contract line item is proposed, has Offeror also provide summary total amounts covering all line items for each element of cost using the appropriate format prescribed in the “Formats for Submission of Line Item Summaries” section of this Proposal Checklist? | FAR 15.408, Table 15-2, Section I, Paragraph E. |  |  |  |  |  |
|  |  | **9** | Does the proposal identify actual hours, and cost incurred as well as hours/cost to complete and the time phasing associated with these hours/costs? This information/data is to be provided consistent with cost element summaries. | FAR 15.408, Table 15-2, Section I, Paragraphs D. and F. |  |  |  |  |  |
|  |  | **10** | If Offeror currently has a Forward Pricing Rate Agreement (FPRA) with the Government has Offeror identified such agreement, provided a copy, and described its nature? | FAR 15.408, Table 15-2, Section I, Paragraphs G. |  |  |  |  |  |
|  |  | **11** | If Offeror does not have a FPRA with the Government, does the proposal identify all rates and factors by year that are utilized in the development of the proposal and the basis for those rates and factors? | FAR 15.408, Table 15-2, Section I., Paragraph F. and Section III |  |  |  |  |  |
|  |  |  | **MATERIALS and SERVICES** |  |  |  |  |  |  |
|  |  | **12** | Does the proposal include a consolidated summary of individual material and services, frequently referred to as a Consolidated Bill of Material (CBOM), to include the basis for pricing (vendor quotes, invoice prices, PO history, etc.)? The Offeror's consolidated summary shall include raw materials, parts, components, assemblies, subcontracts and services to be produced or performed by others, identifying as a minimum the item, source, quantity, and price. | FAR 15.408, Table 15-2, Section II, Paragraph A. |  |  |  |  |  |
|  |  | *Note* | ***Consolidated Bill of Material (CBOM).*** *A CBOM is a consolidated priced summary of individual material quantities and subcontract items included in the various tasks, orders, or contract line items being proposed and the basis for pricing (negotiated/invoice prices, vendor quotes, average unit pricing, prior purchase history, long term agreements, etc.) Offeror’s CBOM shall include estimated raw materials, parts, components, assemblies, subcontracts and services to be produced or performed by others.* |  |  |  |  |  |  |
|  |  | *Note* | *Depending on Offeror’s system, inter-organizational transfers may be included as part of a total CBOM or be a separate CBOM.* |  |  |  |  |  |  |
|  |  | *Note* | *The CBOMs must be in electronic formats that are able to be sorted.* |  |  |  |  |  |  |
|  |  | *Note* | *Additional CBOMs may be required for separate CLIN end item deliverables (e.g., Alternate Mission Equipment, Special Test Equipment, Spares, etc.).* |  |  |  |  |  |  |
|  |  |  | **SUBCONTRACTS (Purchased materials or services)** |  |  |  |  |  |  |
|  |  | **13** | If the subcontract or purchase order exceeds the threshold for certified cost or pricing data and none of the exceptions to TINA apply, does the proposal include the subcontractor’s Price/Cost Analysis establishing the reasonableness of each subcontract price? | FAR 15.403-4, FAR 15.408, Table 15-2, Section II., Paragraph A. |  |  |  |  |  |
|  |  | **14** | If Price/Cost Analyses on Offeror’s sub-tier suppliers are not provided with the proposal, does Offeror’s proposal include a matrix identifying dates for receipt of the sub-tier supplier’s proposal, completion of fact finding for purposes of Price/Cost Analysis, and submission of the Price/Cost Analyses? | FAR 15.403-4, FAR 15.408, Table 15-2, Section II., Paragraph A. |  |  |  |  |  |
|  |  | *Note* | *As later information/data comes into Offeror’s**possession, it should be submitted promptly to the Lockheed Martin Buyer in a manner that clearly shows how the information/data relates to the Offeror’s price proposal. The requirement for submission of certified cost or pricing data continues up to the time of agreement on price, or an earlier date agreed upon between the parties if applicable.* |  |  |  |  |  |  |
|  |  | *Note* | *Analyses not provided with the proposal may result in a delay to audit, fact-finding and negotiations. Analyses not included with the proposal shall be provided as soon as possible after the proposal submission date and shall be accomplished in sufficient time to support the definitization/contract award schedule.* |  |  |  |  |  |  |
|  |  | **15** | Has the Offeror identified in the proposal those subcontractor proposals, for which the contracting officer has initiated or may need to request field pricing analysis? | DFARS 215.404-3 |  |  |  |  |  |
|  |  | *Note* | *The need for assist audits resulting from proprietary data rights assertions at any tier must be identified to the Lockheed MartinBuyer as soon as possible in the proposal build cycle. Notwithstanding assist audits performed by the government, subcontractors must still perform and provide Price/Cost Analysis.* |  |  |  |  |  |  |
|  |  | **16** | Per the thresholds of FAR 15.404-3(c), Subcontract Pricing Considerations, does the proposal include a copy of the applicable subcontractor's certified cost or pricing data? | FAR 15.404-3(b)3 and (c) |  |  |  |  |  |
|  |  |  | **INTERORGANIZATIONAL TRANSFERS** |  |  |  |  |  |  |
|  |  | **17** | For inter-organizational transfers proposed at cost, does the proposal include a separate breakdown of cost elements? | FAR 15.408, Table 15-2, Section II, Paragraph A.(2) |  |  |  |  |  |
|  |  | *Note* | *Inter-organizational work (work performed by another division, subdivision, company, etc., under common control with Offeror) is considered to be part of the certified cost or pricing data submission of the Offeror. The Performing Business Unit’s certified cost or pricing data must be included in the Offeror’s proposal submittal to Lockheed Martin. Prior to inclusion of these costs in Offeror’s proposal, Offeror shall (a) ensure that all statement of work tasks are addressed without duplication and are consistent with the overall program performance schedule and, (b) ensure ground rules and assumptions are consistent with the Offeror’s submittal.* |  |  |  |  |  |  |
|  |  | **18** | For inter-organizational transfers proposed at price in accordance with FAR 31.205-26(e), does the proposal provide an analysis by Offeror that supports the exception from certified cost or pricing data in accordance with FAR 15.403-1(b)? | FAR 31.205-26(e)(2); FAR 15.403-1(b) |  |  |  |  |  |
|  |  |  | **DIRECT LABOR** |  |  |  |  |  |  |
|  |  | **19** | Does the proposal include a time phased (i.e.; monthly, quarterly) breakdown of labor hours, rates and costs by category or skill level? If labor is the allocation base for indirect costs, the labor cost must be summarized in order that the applicable overhead rate can be applied. | FAR 15.408, Table 15-2, Section II, Paragraph B. |  |  |  |  |  |
|  |  | **20** | For labor Basis of Estimates (BOEs), does the proposal include labor categories, labor hours, and task descriptions—(e.g.; Statement of Work reference, applicable CLIN, Work Breakdown Structure, rationale for estimate, applicable history, and time-phasing)? | FAR 15.408, Table 15-2, Section II Paragraph B. |  |  |  |  |  |
|  |  | **21** | If covered by the Service Contract Labor Standards statute (41 U.S.C. chapter 67), are the rates in the proposal in compliance with the minimum rates specified in the statute? | FAR 22.10 |  |  |  |  |  |
|  |  |  | **INDIRECT COSTS** |  |  |  |  |  |  |
|  |  | **22** | For the entire period of performance does the proposal indicate the basis of estimate for proposed indirect costs and how they are applied? (Support for the indirect rates could consist of cost breakdowns, trends, sales forecast and budgetary data.) | FAR 15.408, Table 15-2, Section II, Paragraph C. |  |  |  |  |  |
|  |  |  | **OTHER COSTS** |  |  |  |  |  |  |
|  |  | **23** | Does the proposal include other direct costs and the basis for pricing? If travel is included does the proposal include number of trips, number of people, number of days per trip, locations, and rates (e.g. airfare, per diem, hotel, car rental, etc.)? | FAR 15.408, Table 15-2 Section II, Paragraph D. |  |  |  |  |  |
|  |  | **24** | If royalties exceed $1,500, has Offeror provided the following information on a separate page for each separate royalty or license fee? Offeror must respond to each of the 10 sub-items separately. | FAR 15.408, Table 15-2 Section II Paragraph E. |  |  |  |  |  |
|  |  |  | (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). |  |  |  |  |  |  |
|  |  | **25** | If Facilities Capital Cost of Money (FCCM) is proposed, does the proposal include submission of Form CASB-CMF and show the calculation of the proposed amount? | FAR 31.205-10 FAR 15-408, Table 15-2 Section II Paragraph F. |  |  |  |  |  |
|  |  |  | **FORMATS FOR SUBMISSION OF LINE ITEM SUMMARIES** |  |  |  |  |  |  |
|  |  | *Note* | *The following section on Line Item Summary Formats contains three parts; A. New Contracts, B. Change Orders, Modifications, and Claims, and C. Price Revision/Redetermination. Offeror need only complete the section applicable to the anticipated contract action. Within that section Offeror must respond to each sub-items separately.* |  |  |  |  |  |  |
|  |  | **26** | A. New Contracts  **Column and Instruction**   |  |  |  |  | | --- | --- | --- | --- | | Cost Elements  (1) | Proposed Contract Estimate – Total Cost  (2) | Proposed Contract Estimate – Unit Cost  (3) | Reference  (4) | | FAR 15.408, Table 15-2, Section III, Paragraph A. |  |  |  |  |  |
|  |  |  | 1. (1) ***Cost Elements.*** Enter appropriate cost elements. |  |  |  |  |  |  |
|  |  |  | (2) ***Proposed Contract Estimated – Total Cost.*** Enter those necessary and reasonable costs that, in the Offeror’s judgment, will properly be incurred in efficient contract performance. When any of the costs in this column have already been incurred (e.g., under a letter contract), describe them on an attached supporting page. When preproduction or startup costs are significant, or when specifically requested to do so by Lockheed Martin provide a full identification and explanation of them |  |  |  |  |  |  |
|  |  |  | (3) ***Proposed Contract Estimated – Unit Cost.*** Optional, unless required by Lockheed Martin. |  |  |  |  |  |  |
|  |  |  | (4) ***Reference.*** Identify the attachment in which the information supporting the specific cost element may be found. (Attach separate pages as necessary). |  |  |  |  |  |  |
|  |  | **27** | B. Change Orders, Modifications, and Claims  **Column and Instructions**   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Cost Element  (1) | Estimated Cost of all Work Deleted  (2) | Cost of Deleted Work Already Performed  (3) | Net Cost to be Deleted  (4) | Cost of Work Added  (5) | Net Cost of Change  (6) | Reference  (7) | | FAR 15.408, Table 15-2, Section III, Paragraph B. |  |  |  |  |  |
|  |  |  | (1) ***Cost Elements.*** Enter appropriate cost elements. |  |  |  |  |  |  |
|  |  |  | (2) ***Estimated Cost of all Work Deleted.*** Include the current estimate of what the cost would have been to complete the deleted work not yet performed (not the original proposal estimates), and the cost of deleted work already performed. |  |  |  |  |  |  |
|  |  |  | (3) ***Cost of Deleted Work Already Performed.*** Include the incurred cost of deleted work already performed, using actuals incurred if possible, or, if actuals are not available, estimated from Offeror’s accounting records. Attach a detailed inventory of work, materials, parts, components, and hardware already purchased, manufactured, or performed and deleted by the change, indicating the cost and proposed disposition of each line item. Also, if Offeror desires to retain these items or any portion of them, indicated the amount offered for them. |  |  |  |  |  |  |
|  |  |  | (4) ***Net Cost to be Deleted.*** Enter the net cost to be deleted, which is the estimated cost of all deleted work less the cost of deleted work already performed. Column (2) minus Column (3) equals Column (4) |  |  |  |  |  |  |
|  |  |  | (5) ***Cost of Work Added.*** Enter the estimate for cost of work added by the change. When nonrecurring costs are significant, or when specifically requested to do so by Lockheed Martin, provide a full identification and explanation of them. When any of the costs in this column have already been incurred, describe them on an attached supporting schedule. |  |  |  |  |  |  |
|  |  |  | (6) ***Net Cost of Change.*** Enter the net cost of change, which is the cost of work added, less the net cost to be deleted. Column (5) minus Column (4) equals Column (6). When this result is negative, place the amount in parentheses. |  |  |  |  |  |  |
|  |  |  | (7) ***Reference.*** Identify the attachment in which the information supporting the specific cost element may be found. (Attach separate pages as necessary). |  |  |  |  |  |  |
|  |  | **28** | C. Price Revision/Redetermination  **Column and Instruction**   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Cutoff Date  (1) | Number of Units Completed  (2) | Number of Units to be Completed  (3) | Contract Amount  (4) | Redetermination Proposal Amount  (5) | Difference  (6) | Cost Elements  (7) |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Incurred Cost – Preproduction  (8) | Incurred Cost – Completed Units  (9) | Incurred Cost – Work in Process  (10) | Total Incurred Cost  (11) | Estimated Cost to Complete  (12) | Estimated Total Cost  (13) | Reference  (14) | | FAR 15.408, Table 15-2, Section III, Paragraph C. |  |  |  |  |  |
|  |  |  | (1) ***Cutoff Date.*** Enter the cutoff date required by the contract, if applicable. |  |  |  |  |  |  |
|  |  |  | (2) ***Number of Units Completed.*** Enter the number of units completed during the period for which experienced costs of production are being submitted |  |  |  |  |  |  |
|  |  |  | (3) ***Number of Units to be Completed.*** Enter the number of units remaining to be completed under the contract. |  |  |  |  |  |  |
|  |  |  | (4) ***Contract Amount.*** Enter the cumulative contract amount. |  |  |  |  |  |  |
|  |  |  | (5) ***Redetermination Proposal Amount.*** Enter the redetermination proposal amount. |  |  |  |  |  |  |
|  |  |  | (6) ***Difference.*** Enter the difference between the contact amount and the redetermination proposal amount. When this result is negative, place the amount in parentheses. Column (4) minus Column (5) equals Column (6) |  |  |  |  |  |  |
|  |  |  | (7) ***Cost Elements.*** Enter appropriate cost elements. When residual inventory exists, the final costs established under fixed-price-redeterminable arrangements should be net of the fair market value of such inventory. In support of subcontract costs, submit a listing of all subcontracts subject to repricing action, annotated as to their status. |  |  |  |  |  |  |
|  |  |  | (8) ***Incurred Cost Preproduction.*** Enter all costs incurred under the contract before starting production and other nonrecurring costs (usually referred to as startup costs) from Offeror’s books and records as of the cutoff date. These include such costs as preproduction engineering, special plant rearrangement, training program, and any identifiable nonrecurring costs such as initial rework, spoilage, pilot runs, etc. In the event the amounts are not segregated in or otherwise available from Offeror’s records, enter in this column Offeror’s best estimates. Explain the basis for each estimate and how the costs are charged on Offeror’s accounting records (e.g., included in production costs as direct engineering labor, charged to manufacturing overhead). Also show how the costs would be allocated to their various stages of contract completion. |  |  |  |  |  |  |
|  |  |  | (9) ***Incurred Cost Completed Units.*** Enter in Column (9) the production costs from Offeror’s books and records (exclusive of preproduction costs reported in Column (8)) of the units completed as of the cutoff date. |  |  |  |  |  |  |
|  |  |  | (10) ***Incurred Cost Work in Process.*** Enter in column (10) the costs of work in process as determined from Offeror’s records or inventories at the cutoff date. When the amounts for work in process are not available in the Offeror’s records but reliable estimates for them can be made, enter the estimated amounts in Column (10) and enter in Column (9) the differences between the total incurred costs (exclusive of preproduction costs) as of the cutoff date and these estimates. Explain the basis for the estimates, including identification of any provision for experienced or anticipated allowances, such as shrinkage, rework, design changes, etc. Furnish experienced unit or lot costs (or labor hours) from inception of contract to the cutoff date, improvement curves, and any other available production cost history pertaining to the item(s) to which Offeror’s proposal relates. |  |  |  |  |  |  |
|  |  |  | (11) ***Total Incurred Cost.*** Enter total incurred costs (Total of Columns (8), (9), and (10)). |  |  |  |  |  |  |
|  |  |  | (12) ***Estimated Cost to Complete.*** Enter those necessary and reasonable costs that in Offeror’s judgment will properly be incurred in completing the remaining work to be performed under the contract with respect to the item(s) to which Offeror’s proposal relates. |  |  |  |  |  |  |
|  |  |  | (13) ***Estimated Total Cost.*** Enter total estimated cost (Total of Columns (11) and (12)). |  |  |  |  |  |  |
|  |  |  | (14) ***Reference.*** Identify the attachment in which the information supporting the specific cost element may be found. |  |  |  |  |  |  |
|  |  |  | **OTHER** |  |  |  |  |  |  |
|  |  | **29** | If an incentive type contract, does the proposal include Offeror proposed target cost, target profit or fee, share ratio, and when applicable, minimum/maximum fee, ceiling price? | FAR 16.4 |  |  |  |  |  |
|  |  | **30** | If Economic Price Adjustments are being proposed, does the proposal show the rationale and application for the economic price adjustment? | FAR 16.203-4(a)(1) |  |  |  |  |  |
|  |  | **31** | Should the Offeror be proposing Performance Based Payments in accordance with the RFP directions, has the Offeror complied with FAR 52.232-28 and FAR 32.1000 (e.g., provided an expenditure profile, proposed events and their projected dates, proposed values for each event, completion criteria, and identification of which events are severable or cumulative to)? *This profile total must not exceed 90% of the total proposed price.* | FAR 52.232-28,  FAR 32.1000 |  |  |  |  |  |
|  |  | **32** | Excessive Pass-through Charges—Identification of Subcontract Effort: If the Offeror intends to subcontract more than 70% of the total cost of work to be performed, does the proposal identify: (i) the amount of the Offeror's indirect costs and profit applicable to the work to be performed by the proposed subcontractor(s); and (ii) a description of the added value provided by the Offeror as related to the work to be performed by the proposed subcontractor(s)? | FAR 15.408(n)  FAR 52.215-22  FAR 52-215-23 |  |  |  |  |  |
|  |  |  | **II. EXCEPTIONS TO CERTIFIED COST OR PRICING DATA** |  |  |  |  |  |  |
|  |  | **33** | Has the Offeror submitted an exception to the submission of certified cost or pricing data for commercial items proposed either at the Offeror’s or Offeror’s sub-tier supplier level, in accordance with provision 52.215-20? | FAR 2.101, FAR 15-403.1(b)(3) or (b)(5), FAR 52.215-20 |  |  |  |  |  |
|  |  | *Note* | *If Offeror is modifying a commercial item or providing a previously modified commercial item, there may be circumstances that require the submission of certified cost or pricing data (see Note to checklist item 20 below).* |  |  |  |  |  |  |
|  |  | **34** | Has the Offeror specifically identified the type of commercial item claim (FAR 2.101 commercial item definition, paragraphs (1) through (8)), and the basis on which the item meets the definition? | FAR 52.215-20, FAR 2.101 |  |  |  |  |  |
|  |  | **35** | For modified commercial items (commercial item sub definition) (3); did the sub-tier subcontractor classify the modification(s) as either:   1. Of a type customarily available in the commercial marketplace (FAR 2.101 commercial item sub-definition (3)(i)) or   B. A minor modification (FAR 2.101 commercial item sub-definition (3)(ii)) of a type not customarily available in the commercial marketplace made to meet Federal Government requirements not exceeding the thresholds in FAR 15.403-1(c)(3)(iii)(B)? (see note below) | FAR 52.215-20, FAR 2.101 |  |  |  |  |  |
|  |  | *Note* | *Modifications that do not qualify as “minor” under FAR 2.101 sub-definition (3) or modifications that qualify as “minor” where the total price of all such modifications exceeds the greater of the threshold for certified cost or pricing data (FAR 15.403-4) or 5% of the total price of the contract at the time of contract award are NOT exempt from the submission of certified cost or pricing data. Where the sub-tier supplier is proposing a modified commercial item or items, and that proposal exceeds $750,000, the Lockheed Martin Buyer should, be consulted as soon as possible before the proposal is submitted.* |  |  |  |  |  |  |
|  |  | **36** | For proposed commercial items “of a type” or “evolved” or modified (FAR 2.101 commercial item definition paragraphs (1) through (3)), has the Offeror provided a technical description of the differences between the proposed item and the comparison item(s)? | FAR 52.215-20, FAR 2.101 |  |  |  |  |  |
|  |  | **37** | Price Reasonableness: Has the Offeror or Offeror’s sub-tier supplier provided, or made available, data other than certified cost or pricing data to establish price reasonableness of the proposed commercial item (to include any modifications not subject to certified cost or pricing data (ref. Note under checklist item 33 above)) by supplying:   1. Information/data related to competition (refer to item 15 above) 2. Information/data related to prices (sales data, market price assessments, etc.) 3. Cost information/data (cost elemental breakdown and supporting documentation not subject to certification in accordance with FAR 15.406-2), and   D. For sub-tier supplier assertions, the subcontractor’s price analysis/price reasonableness determination? | FAR 52.215-20, FAR 2.101 |  |  |  |  |  |
|  |  | *Note* | *The preferred method of establishing the price reasonableness of commercial items is to obtain commercial sales data. Lockheed Martin expects Offerors to utilize this method when possible. It is recognized that other methods, such as market assessments data are also acceptable when prior sales data cannot be obtained. Sales data must (1) demonstrate sales to the general public, (2) be current and where possible, (3) in like quantities. Items sold to state, local or foreign governments or items sold with applications only to state, local or foreign government or U.S. Government end items, are not considered to be sales to the general public unless the proposed commercial item meets the commercial definition in FAR 2.101 commercial item sub-definition (8).* |  |  |  |  |  |  |
|  |  | **38** | Does the proposal support the degree of competition and the basis for establishing the source and reasonableness of price for each lower tier subcontract or purchase order priced on a competitive basis exceeding the threshold for certified cost or pricing data? | FAR 15.408, Table 15-2, Section II, Paragraph A.(1) |  |  |  |  |  |
|  |  | **39** | If claiming an exception based on prices set by law or regulation in accordance with FAR 15.403-1(a)(2), has the Offeror included in its proposal a copy of the law or regulation that sets the price utilized in the proposal? | FAR 15.408, Table 15-2, Section II, Paragraph A.(1) |  |  |  |  |  |

**SUPPLIER DETERMINATION**

Offeror hereby represents that the foregoing information is accurate and complete and that to the best of its knowledge, information, and belief, the proposal is adequate in accordance with this Checklist.

|  |  |
| --- | --- |
|  | **LOCKHEED MARTIN USE** |
| Reviewed and Approved by:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(signature) | Reviewed and Approved by:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(signature) |
| (Printed Name) | (Printed Name) |
| (Title) | (Title) |
| (Phone Number) | (Phone Number) |
| (Email address) | (Email address) |
|  |  |