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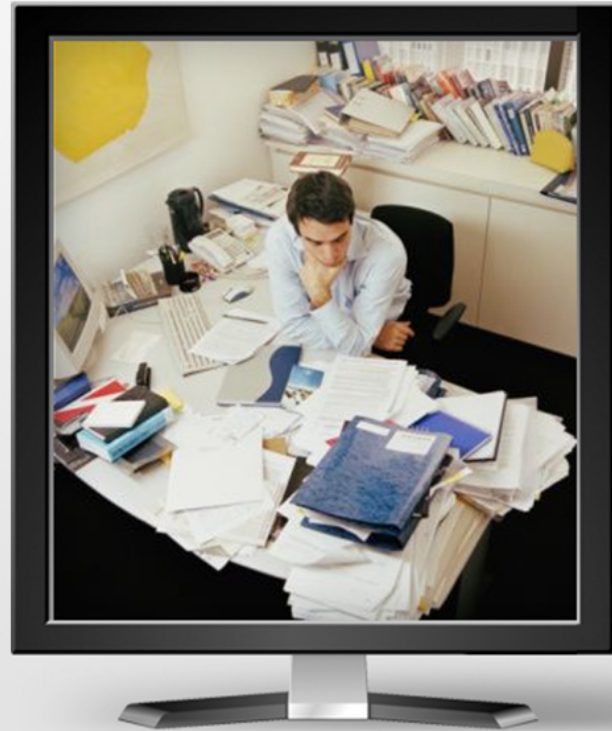
Introduction

Welcome to the CLC 056 Analyzing Contract Costs course summary!

This module is a review of the terminal learning objectives (TLOs) and key learning points from each module.

You should be familiar with all of the information you are about to review. If you come across anything that is not clear, please review that module again, as there will be an assessment at the end of this course.

Let's get started!



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Terminal Learning Objects

Take a moment to review the terminal learning objectives (TLOs) for CLC 056 Analyzing Contract Costs:

- Determine when cost analysis should be used
- Determine when the Truth-in-Negotiations Act (TINA) applies
- Determine when a contract is covered by the cost accounting standards
- Define the terms associated with cost allowability
- Describe the basic principles regarding proposal modeling
- Determine the adequacy of the contractor's estimating and accounting systems
- Identify the use and application of a contract audit
- Calculate a cost objective for direct material costs
- Calculate a price/cost objective using statistics
- Calculate a cost objective for direct labor costs
- Calculate a cost objective for other direct costs
- Calculate a cost objective for indirect costs
- Calculate a price/cost objective using simple regression analysis
- Calculate a price/cost objective using learning curve analysis
- Calculate a cost objective for Facilities Capital Cost of Money
- Calculate a cost objective for profit or fee
- Outline the process for conducting contract negotiations

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Costs and Cost Analysis

The Costs and Cost Analysis module described contract costs and cost analysis. As a contract specialist, you need to know about the fundamentals of cost analysis, and government pricing objectives.

This module also discussed the key cost analysis terms and techniques used when developing a prenegotiation position.


You also learned about the distinctions between cost analysis, price analysis, and cost realism analysis, and also discussed the three most common cost estimating methods:

- Round table
- Comparison
- Detailed

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Terms and techniques are important to know as part of cost analysis.



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Offeror Information for Cost Analysis

The Offeror Information for Cost Analysis module explained how cost analysis involves the need for offerors to gather, document, and submit information prior to the close of negotiations.

This module explained how to identify key terms associated with the Truth in Negotiations Act (TINA), and how to determine if an exception to the TINA act applies.

This module covered how to identify the reason for requiring offerors to provide certified cost or pricing data, how to select the appropriate authority for requiring an offeror to provide this data, and how to identify the remedy to the government in the event that a contractor submits defective data.

To help you in your job as a Contract Specialist, this module also discussed the format required for submitting a cost proposal when certified cost or pricing data are required, and how to identify the requirements for cost analysis for subcontracts.



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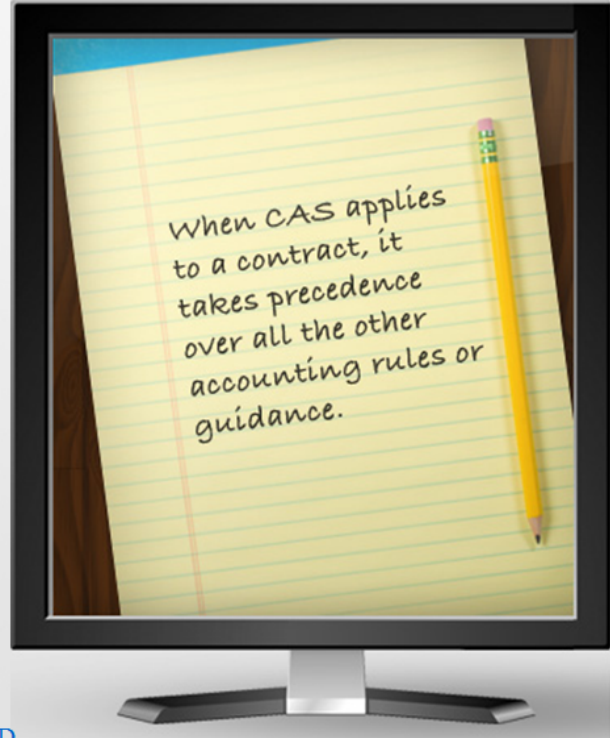
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Cost Accounting Standards and Allowability

The Cost Accounting Standards and Allowability module explained what the Cost Accounting Standards (CAS) are, how to identify exemptions to CAS coverage, and how to determine the level of CAS coverage that applies.

This module discussed the need to determine which costs are allowable, allocable, and reasonable according to the cost principles outlined in the Federal Acquisition Regulations (FAR).

To help you in your job as a contract specialist, this module also described how to identify the purpose of a disclosure statement.



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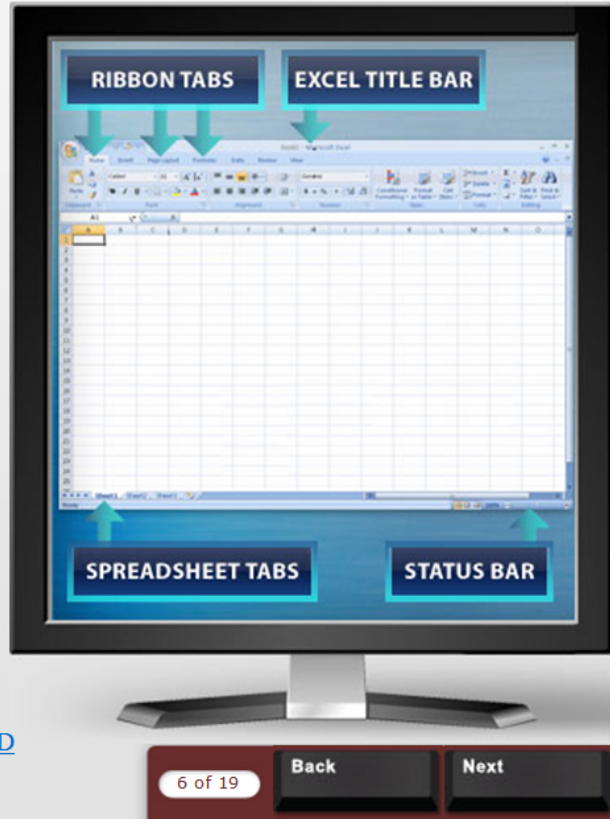
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Proposal Modeling

The Proposal Modeling module discussed your responsibility to ensure that you are getting a fair and reasonable price for the contracts that you are tasked with awarding.

This module explained the rationale for the use of proposal modeling and described how to use Excel as one of the proposal modeling tools.

The Proposal Modeling module also discussed how to identify the cost elements in FAR Table 15-2.



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Accounting and Estimating Systems

As a contract specialist, you will need to determine if a price is fair and reasonable. The Accounting and Estimating Systems module presented a basic understanding of the contractor's systems of internal control, including accounting and estimating systems.

This module also discussed two commonly used cost accounting systems: job-order and process, and the characteristics and deficiencies of both cost estimating and cost accounting systems.

Accounting and Estimating Systems? Internal Control? What do I need to know?



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Requesting Field Pricing Assistance

The Requesting Field Pricing Assistance module discussed the importance of requesting proposal analysis assistance, presented information on the various types of audits, and explained how to review contract files and historical information.

This module also presented information on what assistance is available and how it impacts the way that contracting officers make decisions on financial, payment, and negotiation issues.

This module described technical and audit assistance, how to request assistance (and key players in the process), and situations that warrant an audit.



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Analyzing Direct Material Costs

The Analyzing Direct Material Costs module presented information about the different types of material costs and discussed the two main methodologies for estimating material costs: summary cost estimates and detailed cost estimates.

This module also described how to determine the appropriateness of the offeror's cost estimating methodology.

The steps involved in establishing the fairness and reasonableness of summary-level, detailed, and unit cost estimates were also explained.



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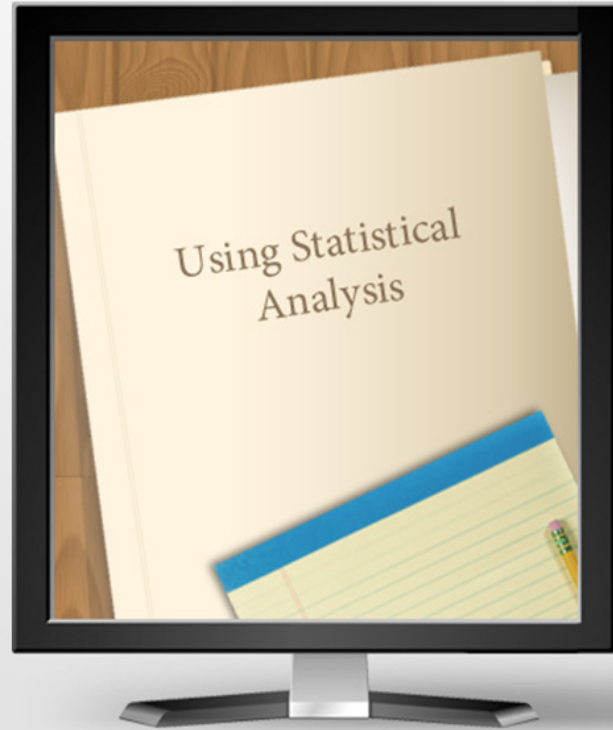
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Using Statistical Analysis

The Using Statistical Analysis module discussed the difference between descriptive and inferential statistics, provided you with a basic understanding of common statistical terms, and identified contract situations where using statistics is appropriate.

This module described the process for establishing a confidence interval, the steps involved in using stratified sampling, and explained how to calculate a renegotiation objective using the appropriate statistical analysis techniques.



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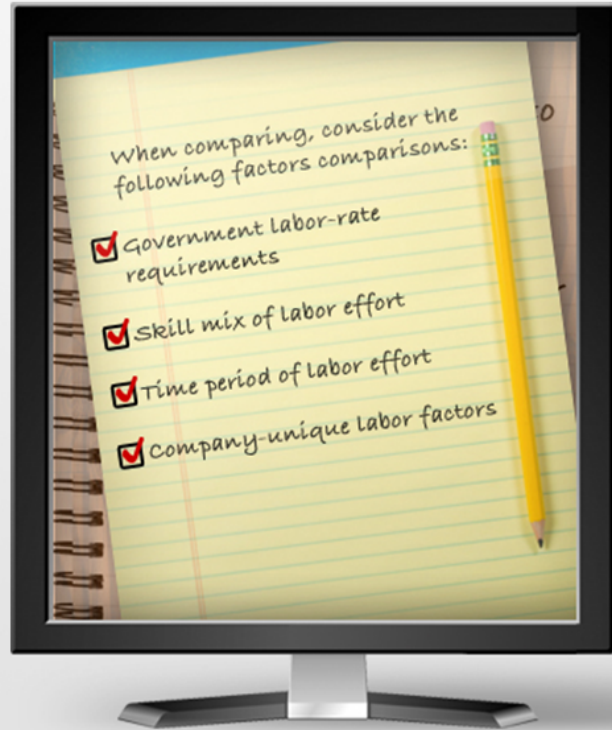
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Analyzing Direct Labor Costs

As a contract specialist, it is your job to determine price reasonableness, therefore, the Analyzing Direct Labor Costs module described how to analyze direct labor rates, hours, and labor skill mix as they relate to direct labor cost.

This module also covered how to examine proposed labor rates to determine a fair and reasonable prenegotiation position.



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Analyzing Other Direct Costs

The Analyzing Other Direct Costs module identified points to consider as you develop your prenegotiation position on other direct costs.

This module identified the types of other direct costs and how to analyze cost estimates including travel.

You also learned when it is appropriate for an offeror to classify a cost as an other direct cost and how to determine if a proposed other direct cost is fair and reasonable.



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Analyzing Indirect Costs

The Analyzing Indirect Costs module explained how to determine if indirect costs are reasonable, how indirect cost rates are calculated, and discussed different components that make up indirect cost pools and bases.

This module also explained how to review the rate development process, the various types of indirect pricing rates, and what role indirect cost rates play in the cost allocation cycle.

A photograph of a person's hands writing on a document on a computer monitor. The person is wearing a light blue shirt. The monitor is on a silver stand. The background is slightly blurred, showing a desk with a calculator and other papers.

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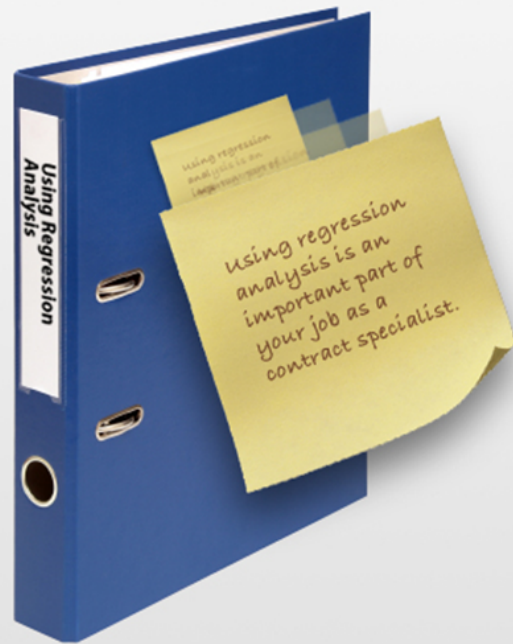
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Using Regression Analysis

The Using Regression Analysis module provided information on what regression analysis is and discussed three regression analysis methods: simple, multilinear, and curvilinear.

This module also explained how to use the simple linear regression tool and described how to identify contract pricing situations where simple regression analysis should be considered.



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Using Improvement Curves

Because learning improvement curve concepts and their application to cost and price analysis will benefit you as a contract specialist, this was the focus of the Using Improvement Curves module.

This module covered the basic improvement curve concept, identified situations where improvement curve analysis would be appropriate, explained the steps involved for using improvement curve analysis, and even showed you how to calculate an objective using improvement curve analysis.

The steps for using the improvement curve spreadsheet tool were also explained in this module.



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Analyzing Facilities Capital Cost of Money

The Analyzing Facilities Capital Cost of Money module provided content on what to consider when developing a prenegotiation position for Facilities Capital Cost of Money (FCCOM).

This module explained what the cost of money (COM) is, the purpose and allowability of such costs, and how a COM rate is calculated.



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Analyzing Profit or Fee

The Analyzing Profit or Fee module reviewed the factors that affect a profit or fee analysis. As a contract specialist, you will be required to use a structured approach when analyzing profit or fee so this module walked you through the DD Form 1547, Record of Weighted Guidelines, to help you accomplish this goal.

This module also discussed a number of factors that can influence your final profit objective and explained how to develop a prenegotiation position for profit or fee that is fair and reasonable.



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Preparing for Negotiations

The Preparing for Negotiations module provided information on government negotiating techniques, styles, and strategies to assist in reaching a negotiated agreement, developing a negotiation position, and creating the Price Negotiation Memorandum.

This module discussed key terms involved during a contract negotiation, and factors that contribute to success.



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Congratulations!

Way to go! You have completed every module in CLC 056 Analyzing Contract Costs!

You should be very proud of this accomplishment. It was not an easy task.

There is one step left before you can complete this course.

Please select the exam from the Table of Contents.

Good luck!



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