

to which reliance was not placed upon the factual cost or pricing data submitted and the extent to which this data was not used by the contracting officer in determining his total price objective and in negotiating the final price. The memorandum shall also reflect the extent to which the contracting officer recognized in the negotiation that any cost or pricing data submitted by the contractor was inaccurate, incomplete, or non-current; the action taken by the contracting officer and the contractor as a result; and the effect, if any, of such defective data on the total price negotiated. Where the total price negotiated differs significantly from the total price objective, the memorandum shall explain this difference. Whenever cost or pricing data are used in connection with a price negotiation in excess of \$100,000, the contracting officer shall forward one copy of the memorandum to the cognizant Defense Contract Audit Agency officer--for use by the auditor to improve the usefulness of his audit work and related reports to negotiation officials. Where appropriate, the memorandum should include or be supplemented by information on how the auditor's advisory services can be made more effective in future negotiations with the contractor. In those cases where a copy is forwarded to the auditor, a copy will also be furnished to the ACO.

7-104.29 revised

7-104.29 Price Reduction for Defective Cost or Pricing Data.

(a) The following clause shall be inserted in negotiated contracts which when entered into exceed \$100,000, except where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In addition, the contracting officer shall include this clause in other negotiated contracts for which he has obtained a Certificate of Current Cost or Pricing Data in accordance with 3-807.3(a)(iii) in connection with the initial pricing of the contract.

PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (NOV. 1967)

(a) If any price, including profit or fee, negotiated in connection with this contract or any cost reimbursable under this contract was increased by any significant sums because the Contractor, or any subcontractor pursuant to the clause of this contract entitled "Subcontractor Cost or Pricing Data" or "Subcontractor Cost or Pricing Data--Price Adjustments" or any subcontract clause therein required, furnished incomplete or inaccurate cost or pricing data or data not current as certified in the Contractor's Certificate of Current Cost or Pricing Data, then such price or cost shall be reduced accordingly and the contract shall be modified in writing as may be necessary to reflect such reduction.

[Contract clause continued on next page]