



## Defective Pricing

Defective pricing is any contracting action subject to the Truth in Negotiations Act in which the negotiated contract price, including fee, is increased by a significant amount because the contractor or subcontractor at any level furnishes cost or pricing data to VA that is not complete, accurate, and current as certified in the contractor's Certificate of Current Cost or Pricing Data. Indicators include the following:

- A proposal estimate is used as the basis for negotiation that is higher than the supporting documentation with no credible explanation.
- There are indicators or discussions that suggest the contractor falsified information, altered data, or certified misleading information.
- Cost proposals are not updated for known cost decreases.
- Some or all known data is withheld.
- The bidder fails repeatedly to correct known system deficiencies that lead to defective pricing.
- Overhead or baseline information is distorted by transferring charges or accounts.
- The contractor denies the existence of historical records that are subsequently found.
- The release of data needed to calculate a price reduction is delayed.
- A significant cost element is concealed or misrepresented.

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