Sandia National Laboratories

Subcontractors' Guide to Price Reasonableness

Introduction

The purpose of this communication is to share insight into Sandia's accountability to our Government Customer through Prime Contract clauses and requirements that include Federal Acquisition Regulations (FAR) and Department of Energy Acquisition Regulations (DEAR) provisions, to ensure fair and reasonable subcontract pricing. This communication will discuss various methods Sandia utilizes and needed documentation to facilitate this critical procurement process, helping to streamline order placement. By equipping your organization with this knowledge, we aim to enhance collaboration on our shared responsibility and improve the overall efficiency of our procurement efforts.

Understanding Price Reasonableness

At Sandia, the role of the Subcontracting Professionals (SPs), in part, is to serve as a responsible steward of taxpayer dollars, ensuring that funds are spent reasonably and responsibly. A price is deemed reasonable if it reflects what a prudent and sensible businessperson would typically expect to spend in a competitive market. When price quotes are not the result of a competitive solicitation, they undergo heightened scrutiny, requiring a higher burden of proof of price reasonableness. For RFQs requiring cost analysis, your SP may solicit different and additional information than what is shared in this communication related to price analysis.

Offerors often decline requests for necessary information, believing that a simple assertion of fair pricing is sufficient; however, Sandia SPs cannot justify pricing based solely on such non-analytical assertions, as it puts Sandia and the taxpayer at risk of overpayment.

Example Methods of Price Analysis

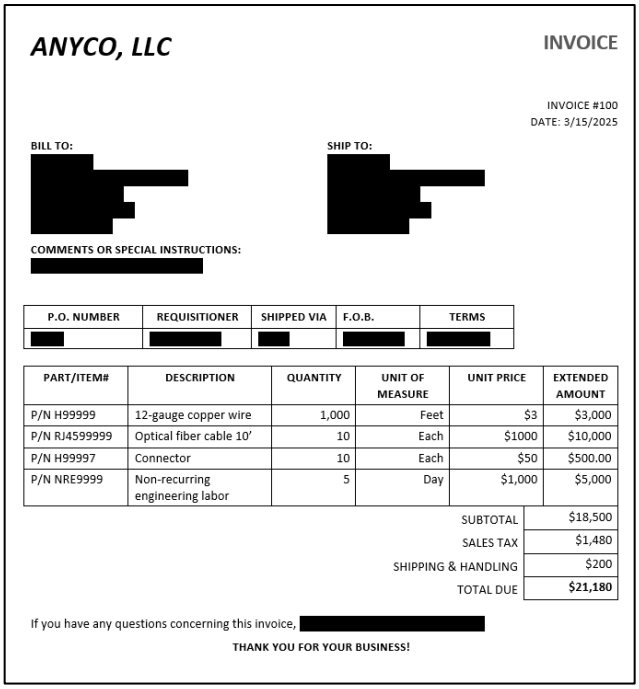
SPs have various methods to justify pricing. Below are a few examples Sandia typically utilizes:

Published Price List

SPs can review a Offeror's published price list (at a website or a non-confidential distribution copy) if it contains unique identifiers for the products and services offered (e.g., part number and/or labor categories respectively). A published price list supports Sandia's ability to determine if a price is fair and reasonable by demonstrating that Sandia is receiving the same or lower price offered to the public.

Redacted Invoices

To validate that Sandia is receiving a price comparable to or lower than other customers, SPs may request an Offeror's recent invoice(s) for same or similar products or services sold to other customers. Typically, three recent examples are used by the SP for comparison. The invoices provided need to include pertinent information such as Part Number, Labor Category, Price, Quantity, and Date. Nonrelevant information may be redacted. This helps demonstrate that Sandia is receiving competitive pricing.



ANYCO, LLC INVOICE

INVOICE #100
DATE: 3/15/2025

BILL TO: [redacted]

SHIP TO: [redacted]

COMMENTS OR SPECIAL INSTRUCTIONS: [redacted]

P.O. NUMBER	REQUISITIONER	SHIPPED VIA	F.O.B.	TERMS
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

PART/ITEM#	DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	EXTENDED AMOUNT
P/N H99999	12-gauge copper wire	1,000	Feet	$3	$3,000
P/N RJ4599999	Optical fiber cable 10'	10	Each	$1000	$10,000
P/N H99997	Connector	10	Each	$50	$500.00
P/N NRE9999	Non-recurring engineering labor	5	Day	$1,000	$5,000

SUBTOTAL	$18,500
SALES TAX	$1,480
SHIPPING & HANDLING	$200
TOTAL DUE	**$21,180**

If you have any questions concerning this invoice, [redacted]

THANK YOU FOR YOUR BUSINESS!

Previous Price Paid by Sandia

SPs can leverage comparison data from recent purchases for the same or similar items to streamline the price analysis process. It is helpful when Offerors identify, or reference on the quote, relevant information previously shared by your organization with Sandia.

Price Breakdown

In addition to comparison data, an itemized breakdown may also be requested by the

SP to detail the individual components of the price such as labor category(ies), number of hours for each category, education/experience for each labor category, bill of materials, travel, and equipment rental. Offerors must provide this list when requested in the RFQ, or if requested by the SP prior to award.

Benefits

By providing supporting pricing information, both Offeror and Sandia benefit by faster Purchase Order placement. This process is not merely a formality—it strengthens our partnership and ensures we meet obligations together. Your SP is ready to assist you in making this process as straightforward as possible.

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