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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

PROCUREMENT, LOGISTICS,
AND READINESS DIVISION

B-168450

MAY 26, 1981

The Honorable Caspar W. Weinberger
The Secretary of Defense



Dear Mr. Secretary:

Subject: [AWACS Contract Price Overstated Because
of Noncurrent, Inaccurate, and Incomplete
Cost or Pricing Data] (PLRD-81-29)

This report discusses our review of the pricing of modification P00650 to contract F19628-70-C-0218. This is a fixed-price incentive contract awarded to the Boeing Company, Seattle, Washington, by the U.S. Air Force Systems Command, Electronic Systems Division, Hanscom Air Force Base, Massachusetts. The basic contract is for airborne warning and control systems (AWACS) aircraft and related equipment. Modification P00650 includes 10 AWACS aircraft at an initial target price of \$439.5 million.

Our objective was to determine the reasonableness of the contract price in relation to cost and pricing data available to the contractor at the time of contract negotiations, as required by Public Law 87-653.

We made our review at the Boeing Company. We examined Boeing's records and held discussions with company officials. In addition, we reviewed work done by, and held discussions with, the Defense Contract Audit Agency and cognizant Air Force personnel at Boeing and the Electronic Systems Division.

Enclosure I presents details of our review. In summary, we found that the target price of P00650 was overstated by as much as \$3.4 million, including profits of about \$316,000, because cost and pricing data that Boeing provided to the Air Force were not current, complete, or accurate. Unless the contract price is adjusted, this overstated price of \$3.4 million will cost the Government about \$620,435.

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Furthermore, the Air Force price negotiation memorandum does not accurately reflect the results of negotiations for some major cost elements and is vague as to the justification for a \$5.5 million pricing concession by the Air Force.

BOEING COMMENTS

Boeing does not agree that costs were overstated. Information provided by Boeing does not substantiate its position and does not alter our position. However, Boeing comments were considered and changes were made in the preparation of this report. Boeing comments, annotated to show our response, are included as enclosure II.

ELECTRONIC SYSTEMS DIVISION COMMENTS

Electronic Systems Division officials have agreed to take action to recover any overpricing that may have occurred. They have also agreed to stress improving procurement records.

RECOMMENDATIONS

We recommend that you direct the

- contracting officers to take action to reduce the contract price,
- contracting officers to highlight, for future review, those portions of contract price that were based on questionable data, and
- Commander, Electronic Systems Division, to examine its contracting officers' price negotiation memorandums to ensure that they are prepared in accordance with the established regulation and guidance.

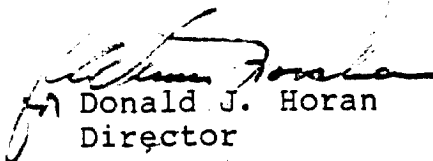
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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the President of the Boeing Company; the Director, Office of Management and Budget; the Secretary of the Air Force; the Commander, Electronic Systems Division; and the Director, Defense Contract Audit Agency. We are also sending copies to the Chairmen of the Senate Committees on Appropriations, on Armed Services, and on Governmental Affairs and the House Committees on Appropriations, on Armed Services, and on Government Operations.

We would appreciate receiving your comments on these matters and would be happy to discuss any questions that you may have.

Sincerely yours,


Donald J. Horan
Director

Enclosures - 2

REVIEW OF PRICING OF MODIFICATIONP00650 TO CONTRACT F19628-70-C-0218 WITHTHE BOEING COMPANYBACKGROUND

The Air Force awarded contract F19628-70-C-0218 to the Boeing Company, Seattle, Washington, for airborne warning and control systems (AWACS) aircraft and related equipment. Modification P00650, which included option I and option II production buys, is a fixed-price successive target modification. The contract has a target price of \$439,493,231. Under the incentive arrangements of the contract, the contractor shares with the Government any cost underruns or overruns. Negotiations of the contract were completed on July 26, 1977. Boeing certified that cost or pricing data used to support the contract price through April 15, 1977, were current, accurate, and complete.

Approximately \$121 million of the negotiated target price was for work to be done by the Boeing Commercial Airplane Company (BCAC), a division of the Boeing Company. BCAC was to provide aircraft with flight essential avionics and flight control systems. In addition, it was to provide the Boeing Aerospace Company the powerplant for the AWACS aircraft. The Boeing Aerospace Company completes the AWACS aircraft with the installation of the major electronic equipment. Our review was directed primarily at the reasonableness of the initial target cost negotiated for BCAC's portion of option II. We also reviewed the reasonableness of certain option I target costs to determine if issues identified in our review of option II were also present.

Public Law 87-653 and the Defense Acquisition Regulation require prime contractors to submit cost or pricing data supporting proposed prices for noncompetitive contracts expected to exceed \$100,000 and to certify that this information is accurate, complete, and current. A clause is inserted in the contract which gives the Government the right to adjust the contract price when it has increased significantly because the contractor furnished inaccurate, incomplete, or noncurrent information as of the date of its certificate. The Defense Acquisition Regulation also requires that, after negotiations, a memorandum be prepared setting forth the principal elements of the price negotiation.

In summary, we found that the contract price was overstated by about \$3.4 million--\$3 million in material costs by Boeing and \$375,822 from overpricing by a subcontractor.

BOEING OVERSTATED MATERIAL PRICE BY ABOUT \$3 MILLION

We estimate that Boeing overstated the initial target price for options I and II by \$3 million, including profits of about \$281,053, because it used excessive estimating factors to calculate the proposed cost of purchased equipment and outside production. ^{1/} The overstatement will cost the Government about \$551,045 if contract target costs and profits are not adjusted.

Boeing's proposed price for purchased equipment and outside production included about \$3.5 million for anticipated production revisions. About \$2.5 million was calculated by applying a 9.15-percent factor to the estimated supplier price for outside production. The remaining \$1 million was calculated by applying a 5.15-percent factor to revisions affecting purchased equipment. The factors proposed by Boeing were based on cost history from three completed developmental AWACS aircraft.

More current cost and pricing data was available to Boeing on production models of the AWACS aircraft that was not available to the Air Force during price negotiations. This data was the actual revision experienced on the initial buy of six production AWACS aircraft. As of April 15, 1977, BCAC had completed and delivered five of the initial buy aircraft to the Boeing Aerospace Company. Final assembly of the last initial buy aircraft was completed and only flight-line preparation and testing remained before delivery to the Boeing Aerospace Company.

Cost history from initial buy aircraft would have yielded a 1.95-percent factor for purchased equipment and a 1.42-percent factor for outside production compared to Boeing's proposed 5.15-percent for purchased equipment and 9.15-percent for outside production. Notwithstanding the fact that BCAC had

^{1/}Purchased equipment is an item Boeing does not normally manufacture, whereas outside production is the fabrication of a Boeing-designed item by outside suppliers.

substantially completed its portion of the initial buy production, Boeing contended that it was not feasible to use initial buy data to develop new factors for the BCAC portion of the work. We believe this position is unreasonable because Boeing used initial buy data to develop factors for the Boeing Aerospace Company's portion of options I and II price proposal. Since BCAC's portion of the work preceded Boeing Aerospace Company, we believe that there was sufficient initial buy data available to also develop new factors for BCAC.

As shown below, the proposed price of purchased equipment and outside production for options I and II would have been about \$3 million less, had the lower factors been used to estimate the cost of revisions.

	Revision of <u>purchased equipment</u>		Revision of <u>outside production</u>		Total estimated <u>cost</u>
	<u>Percent-</u> <u>age</u> <u>factor</u>	<u>Esti-</u> <u>mated</u> <u>cost</u>	<u>Percent-</u> <u>tage</u> <u>factor</u>	<u>Esti-</u> <u>mated</u> <u>cost</u>	
Boeing pro- posed	5.15	a/\$1,016,273	9.15	b/\$2,448,429	\$3,464,702
GAO cal- culated	<u>1.95</u>	a/ <u>384,803</u>	<u>1.42</u>	b/ <u>379,974</u>	<u>764,777</u>
Dif- ference	<u>3.20</u>	631,470	<u>7.73</u>	2,068,455	2,699,925
Profit		<u>65,728</u>		<u>215,330</u>	<u>281,053</u>
Total		<u>\$697,198</u>		<u>\$2,283,785</u>	c/ <u>\$2,980,978</u>

a/Based on estimated supplier price of \$19,733,462.

b/Based on estimated supplier price of \$26,758,789.

c/Approximately \$1.1 million of the \$3 million is applicable to option I and about \$1.9 million is applicable to option II.

The 1.95- and 1.42-percent factors are based on the most current data available to Boeing at the time options I and II were negotiated. Since the current data showed that the old data that Boeing used was resulting in excessive factors, we believe that Boeing should have provided the current data to the Air Force for evaluation.

The Defense Contract Audit Agency questioned the use of the 9.15- and 5.15-percent factors because they were based on noncurrent experience on three previously completed developmental AWACS aircraft and requested more current cost and pricing data to support the factors. However, Boeing did not provide any additional data during contract negotiations. Since Boeing did not provide more current data, the factors were based on the data initially submitted.

Boeing stated that its negotiation records contain no evidence that the Defense Contract Audit Agency or the Air Force requested an update of the factors. However, the section of the Audit Agency's report dealing with factors stated that Boeing was requested to provide more current data than the data Boeing had used, but Boeing made no current data available.

SUBCONTRACT PRICES WERE OVERSTATED

We estimate that Boeing overstated the initial target cost for option II by about \$375,822 because BCAC proposed material costs were not based on current, complete, and accurate cost and pricing data. The overstated target will cost the Government about \$69,390 unless contract target price is adjusted. We also found understated material cost (subcontract cost) of \$78,112.

Purchased equipment and outside production were two major categories of material costs included in Boeing's proposal. BCAC proposal for both was based on a listing of required parts. Prices, according to BCAC, were assigned to the listed parts based on pertinent available purchase orders or supplier quotations. If neither purchase orders nor supplier quotations were available, the price of a part, according to BCAC, was estimated using historical procurement data plus estimating factors, such as escalation.

We reviewed about \$13.5 million of the \$23.8 million that BCAC proposed for purchased equipment and outside production for four of the six option II aircraft. We reviewed the support for the proposed cost for all outside production items having unit prices over \$10,000, and, for the most part, randomly sampled the support for the remaining cost proposed for purchased equipment and outside production.

Prices were overstated

Boeing signed the contract on July 26, 1977, but certified that the cost and pricing data provided to the Air Force was current, complete, and accurate as of April 15, 1977. However, we found that Boeing's final price proposal for purchased equipment and outside production was based on BCAC

December 10, 1976, cost and pricing data, about 4 months before Boeing certified the information.

Our sample disclosed overpricing of \$215,811 because BCAC did not adjust its price proposal to reflect cost and pricing data it obtained between December 10, 1976, and April 15, 1977. Our sample also disclosed underpricing resulting from a procedural error. We expanded our review to identify all examples of underpricing because of this procedural error and found that seven parts had been underpriced for a total amount of \$78,112.

As stated earlier, BCAC used a December 10, 1976, cutoff date for cost and pricing data to support the final material price proposal. We found, however, that not all current purchase orders and supplier price quotations had been considered. Our sample disclosed overpricing of \$160,011 because BCAC did not use all available current cost and pricing data to prepare its final price proposal.

Boeing stated that the cutoff date of December 10, 1976, was established in accordance with the Defense Acquisition Regulation 3-807.10 (a) (1). The regulation allows the use of a cutoff date prior to agreement on price, but requires that the cutoff date to be included as part of the data submitted with the contractor's proposal. Boeing did not advise the Air Force that a December 10, 1976, cutoff date was being used and certified that cost and pricing data were accurate, complete, and current as of April 15, 1977. Since Boeing failed to advise the Air Force of the cutoff date, the use of such a cutoff date is not in accordance with the regulation.

NEGOTIATION RECORDS ARE INACCURATE AND MAY NOT
ADEQUATELY PROTECT THE GOVERNMENT'S INTERESTS

We noted the following shortcomings in the price negotiation memorandum:

- Price reduction obtained through negotiations were overstated.
- Justification for a \$5.5 million pricing concession by the Air Force was unclear and our attempts to clarify this matter was not fruitful.

According to the regulation and the supplemental guidance of Armed Services Procurement Manual No. 1, a price negotiation memorandum must be written after contract negotiations and must (1) set forth the principal elements of the price negotiation, (2) be in sufficient detail to reflect the most significant considerations affecting price, (3) state why cost or pricing data was or was not required and the extent the data was relied

on, (4) state the extent to which the contracting officer recognized that any data was inaccurate, incomplete, or noncurrent, and (5) track contract price from the contractor's cost proposal to the final negotiated price. Failure to identify such data results in an incomplete record and can adversely affect the Government's entitlement to a price reduction.

In a 1974 report to the Congress, 1/ we pointed out serious shortcomings in price negotiation memorandums we examined, including the lack of some essential information as to the basis for the Government's pricing decisions. We also pointed out a need to improve management reviews of procurement actions. We recommended that the Secretary of Defense take certain actions to improve price negotiation records and related reviews by procurement offices. The shortcomings in procurement records of our current review, although far from conclusive, indicate that additional attention to these matters may be warranted.

1/"Improvements Still Needed in Negotiating Prices of Noncompetitive Contracts Over \$100,000" (B-168450, Aug. 5, 1974).

THE BOEING COMPANY

P. O. Box 3707
Seattle, Washington 98124

October 15, 1980

United States General Accounting Office
Room 201, 415 First Avenue North
Seattle, Washington 98109

Attention: Mr. Robert L. Blackstone

Subject: GAO Audit of Contract F19628-70-C-0218

Reference: GAO Letter to Boeing dated August 26, 1980; Same subject

Gentlemen:

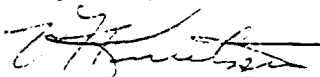
On behalf of The Boeing Company, I want to thank you for the opportunity provided by the GAO to review and comment on the draft summary report made available regarding the subject audit.

It should be noted that the GAO has audited the subject contract from time to time over a period of fifteen months. In order for Boeing to prepare a meaningful response in the limited time available, we must limit our comments and address only the significant deficiencies of the report. It should also be understood that we may elect to supplement our response at a later date.

In short, Boeing's position is that there is no factual basis for the defective pricing allegations made by the GAO. Further, Boeing's cost accounting and estimating system and practices are in conformance with applicable regulatory and statutory requirements, and all applicable cost or pricing data was accurate, current and complete as required by the public law. Considering the time constraint, I believe we have accurately stated in the Attachment the position of The Boeing Company relative to each allegation.

It is requested that this letter and its Attachment be included in total with your report so that our position can be more accurately understood. As shown above, Boeing does not agree with the comment on page 9 to Enclosure I of referenced letter that Boeing officials are in agreement with the facts of the summary report. The Boeing Company made every practical effort to comply with the requirements of P.L. 87-653 in the negotiation of Options I and II of the AWACS contract. Enclosure I to your Report, which was furnished for our comments, is grossly misleading and does not accurately portray the conditions concerning the furnishing of data. I am of the opinion that the information provided herein is sufficient to warrant a significant revision of the report.

Very truly yours,



V. F. Knutzen
Vice President-Controller

Attachment

BOEING

For your convenience, headings used herein correspond to those in the GAO Report.

MATERIEL COSTS WERE OVERSTATED BECAUSE BOEING USED EXCESSIVE ESTIMATING FACTORS

There are several significant factual errors and erroneous assumptions in the report concerning PRR data available as of April 15, 1977, the effective date of the Certificate of Pricing for Options I and II.

The statement in the report indicating that the six I-Buy Aircraft had been completed by BCAC by March 2, 1977, is clearly in error. The last aircraft on I-Buy was shop complete at BCAC on April 2, 1977. It then went through flight line preparation by BCAC at Renton and was flown to Boeing Field in Seattle on April 19, 1977, after which BCAC performed additional flight line tests and actually delivered the aircraft to BAC on May 2, 1977.

Contrary to the statement in the second paragraph on page 4 of Enclosure I, data was not available on April 15, 1977, showing the PRR experience on I-Buy for purchased equipment and outside production. As noted above, BCAC had not completed the last I-Buy airplane on April 15, 1977. The last I-Buy airplane was actually delivered to the Air Force on May 5, 1978, and PRR's were in fact generated up to that time. In addition, all six I-Buy airplanes had numerous waivers on delivery which required correction, any one of which could also have required PRR's. For example, new fuel pumps of a different configuration were furnished to the Air Force for I-Buy airplanes subsequent to delivery. Further, the Materiel cost data was not complete as of April 15, 1977 as is evidenced by the fact that over \$1M of Purchased Equipment costs and over \$700,000 of Outside Production costs were recorded after the cost reports that were available on April 15, 1977.

PRR factors are developed from analytical studies using estimates and actual cost data which can only be made when a contract or block of aircraft has been completed. The only completed contract for which historical data was available was DDT&E. To perform such a study as of April 15, 1977, on the I-Buy contract before it was complete was not possible and any attempt to do so would produce incorrect results. Since the I-Buy contract was not then complete the total PRR's effective on the contract were not available and estimates and actual costs were not available. To base a study on the relation of a portion of the PRR estimated contract costs to the total contract Materiel costs, as was apparently done by your auditor, is incorrect. In addition, five of the in-scope changes used by your auditor to develop the factors in your Enclosure I were based on estimates which did not exist on April 15, 1977, and, in fact, were made as long as ten months after that date. Thus, the audit opinions are based on factors which were either incomplete or did not exist as of the effective date of the Certificate, April 15, 1977.

It is well established that cost data (other than supplier quotes) must be of sufficient depth and quality to be meaningful. The PRR factors are necessarily estimates. The key to deciding whether adequate cost or pricing data has been provided lies in determining whether the hard data underlying such estimates has been provided. If those underlying facts are nonexistent, incomplete, or otherwise of insufficient quality to be meaningful, then such

information does not come within the meaning of cost or pricing data. As long as the underlying facts continue to be nonexistent or incomplete, the estimate cannot be meaningfully updated.

The statement in the second paragraph on page 5 of Enclosure I that the DCAA did not accept Boeing's estimate of the costs of the PRR's for purchased equipment and outside production is correct. The same statement can be made for the Air Force negotiators. Clearly, then, it cannot be asserted that the Air Force negotiators relied on those estimates in the course of the price negotiation. The Boeing Company negotiations records contain no evidence that the DCAA or the Air Force negotiators requested any update of the PRR factors. Both parties to the negotiation were aware of the schedule of the I-Buy airplane deliveries, both during the negotiation period and at the effective date of the certificate. As stated above, the Boeing position during negotiations and on April 15, 1977, was that it was not possible to develop a PRR study based on the I-Buy experience because complete PRR data did not exist for the I-Buy contract, and because the BCAC portion of the contract was not complete.

Boeing did provide the most recent available study of PRR's (DDT&E PRR experience) as of the date of the Pricing Certificate. The negotiated amounts for Options I and II were below the Contractor's proposal amounts by amounts far in excess of the amounts which the audit report alleges was due to defective pricing. The Contractor's notes show that the Government offers did not recognize the proposed PRR factors and reductions in the amounts allowed for PRR's were a significant contribution to the negotiated reductions. There was, therefore, no reliance on Contractor's PRR data.

In the last paragraph on page 5 of Enclosure I, the report shows that a new PRR study based on I-Buy data, was completed and shown to Air Force negotiators in June 1978 in support of the Option III negotiation which was occurring at that time. Boeing agrees with this statement. That study was completed as soon as I-Buy PRR data was available to make the study. However, the fact that the data was now available and the later study was properly made to support a later negotiation is irrelevant to the issue of furnishing data by the effective date of the certificate for the prior negotiation.

COSTS WERE OVERSTATED BY ABOUT \$521,000 BECAUSE BOEING DID NOT UPDATE COST AND PRICING DATA DURING THE LAST FOUR MONTHS OF NEGOTIATIONS

Due to the volume of the data and details, BCAC established a cutoff date of December 10, 1976, for pricing data related to purchased equipment and outside production. The cutoff date was established in accordance with DAR 3-807.10(a)(1), and was the only feasible means to establish the proposal value for the BCAC portion of the proposal because of the dynamic nature of the parts prices and volume of parts. The negotiators, both Air Force and Boeing, recognized that not all data was final. The establishment of the cutoff date recognized that fact.

In arriving at your alleged \$521,000 overstated amount, you developed overstatements for the parts listed in your Attachment I totaling \$195,516 by using an audit sampling technique. You then extrapolated, based on your sample exceptions, into the parts unaudited to derive your total of \$521,000. The Contractor was given the part numbers included in your sample by your auditor. Among the parts in your sample for which no exceptions are listed on Attachment I are two significant part numbers for which later data became available prior to the effective date of the certificate. These two parts

were omitted from your findings on Attachment I. The later data for these two parts would have increased the Contractor's proposal and would significantly change your sample results. The details for these two parts are discussed in the following paragraph. The Contractor disagrees with the principal of audit sampling as an audit technique to determine defective pricing and the omission of parts sampled shows a clear bias in the audit results to the detriment of the Contractor.

Part Numbers 204-15356-1 and -3 were included in the proposal for \$8,728 and \$9,096, respectively, per shipset. On February 15, 1977, a negotiation occurred with Garrett-AiResearch Manufacturing Co., which established the prices for Part Number 204-15356-1 at \$11,700 per shipset, and for Part Number 204-15356-3 at \$14,088 per shipset. When extended for the total requirements and pricing factors, Boeing's proposal for these two part numbers would increase by \$36,687. Attachment I should include these two part numbers.

In addition to the above part numbers, another part in the same series, Part Number 204-15356-2, was negotiated on February 15, 1977, which would increase the Boeing proposal by \$16,290 over the amount included in the latest update.

Boeing is not aware of any other changes in prices which occurred prior to April 15, 1977 from the proposed amounts. After adjustment for the above three part numbers, your amount for Attachment I would be \$142,539. However, your audit has, without a demonstrable basis, asserted a deficiency of over \$521,000. The Contractor made a reasonable effort to comply with the requirements to provide current, accurate and complete cost and pricing data in accordance with the responsibility to maintain a reasonably efficient production operation. The data included in your report was developed during months of intensive audit study which is not practical for a Contractor to perform if a reasonable level of productivity is to be maintained.

COSTS WERE OVERSTATED BY ABOUT \$339,000 BECAUSE OF ERRORS IN BOEING'S LAST UPDATE

The items shown on Attachment II are relatively isolated instances compared to the large quantities of parts and complicated procurement processes used to obtain the most favorable vendor prices. Boeing knows of no other errors in the data submitted as of the effective date of the certificate, April 15, 1977. Again, the amount in your report (\$339,000) above the specific amount shown on attachment II (\$144,964) is not supportable.

COSTS OF PARTS USED ON COMMERCIAL AS WELL AS AWACS AIRCRAFT OVERSTATED BY ABOUT \$30,000 BECAUSE BOEING'S ESTIMATING SYSTEM DID NOT CONSIDER ALL AVAILABLE COST AND PRICING DATA

All of the part numbers listed on Attachment III to the summary except for part number 10-60818-2 were charged to a BCAC work order (W.O.) Number 9583. Part Number 10-60818-2 was charged to BCAC W.O. Number 9550. These work orders were used by BCAC to accumulate costs for common parts for blocks of airplanes which include commercial as well as AWACS airplanes.

In developing the proposal for the AWACS Option II contract, a judgemental decision was made that the best and most appropriate prices for the parts common to the commercial airplane was to use the prices for the parts charged to W.O. 9550, with a small lot penalty factor and an escalation factor to the

appropriate time period of AWACS Option II expected procurement. In the instance of Part Number 10-60818-2, it now appears that procurement was accomplished on November 23, 1976, which as pointed out in the report, should have replaced the proposal price which in turn would have reduced the proposal by \$1,798.

The decision not to use prices charged to BCAC W.O. 9583 was based upon a judgemental opinion that the block of airplanes covered by this work order was not appropriate for the pricing of AWACS Option II airplanes because of the expected performance time period. This decision is applicable to all part numbers on Attachment III except Part Number 10-60818-2.

The exceptions taken for the parts shown on Attachment III other than Part Number 10-60818-2 are based on a disagreement with the Boeing judgemental decision of pricing rather than to the furnishing of data. The data provided the Government, based upon the judgemental decision, was accurate, current, and complete, and in Boeing's opinion no defective pricing exists for the parts shown on Attachment III of the summary other than for Part Number 10-60818-2. The judgemental decision used by Boeing in the pricing was disclosed to the Air Force negotiators.

SUMMARY AND CONCLUSION

In conclusion, The Boeing Company was in compliance with the requirements of P.L. 87-653 in the negotiation of Options I and II of the AWACS contract. The enclosure, which was furnished for our comment, does not accurately reflect the facts concerning the furnishing of data and is erroneous in its application of those facts to the requirements of the public law. The DDT&E PRR estimates used by Boeing were the latest ones that existed or that could have existed based upon complete and verifiable facts and data. They comprise the only PRR data reasonably available to Boeing at the time of agreement in accordance with DAR 3-807.5(a)(1). PRR data relating to I-Buy was either nonexistent or incomplete and, hence unuseable. Other related data was subject to a cutoff date established in accordance with DAR. The other allegations included in the report are either unsupported factually, do not contain all of the items audited when favorable to the Contractor, or are a question of judgemental decisions rather than the furnishing of data.