

## **Subcontract Pricing Deficiencies**

### **FRAUD INDICATORS**

- **A significant variance between proposed and negotiated vendor/subcontract quantities or prices.**
- **Use of different subcontractors or vendors than proposed.**
- **High percentage of sole source (noncompetitive) subcontract awards with poor explanations/documentation.**
- **Non-competitive subcontract award when the contractor's files state that award was based on adequate competition.**
- **Failure to disclose decreases in subcontract pricings even though parts of the subcontracts are still under negotiation.**
- **Pattern of subcontractor employees buying contractor employees lunches, dinners and/or other items. Individual items could be of low value, but the aggregate value of all items could be material.**
- **Indicators of personal or family associations between contractor and subcontractor employees involved in the awarding and negotiating of subcontracts.**
- **Continued failure to correct known business system deficiencies that impact or allow for subcontract pricing deficiencies.**