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# *U.S. Army Contracting Command*

## *Rock Island Contracting Center*

# Pricing Proposal Deficiencies

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### **GUIDANCE**

- Follow FAR 15.408, Table 15-2 – Instructions for Submitting Cost/Price Proposals When Cost or Pricing Data Are Required
- Follow instructions in the Solicitation
- DCAA has an adequacy checklist for cost proposals that we can provide on request



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### ***ISSUE***

#### **Contractors Providing Summary Values Only.**

- Please ensure the Basis of Estimate is provided for:
  - o Material Costs, including Bill of Material (BOM) and supporting quotes or Purchase Orders
  - o Labor costs to include hours and labor rates
  - o Overhead rates and the appropriate calculations and base for the rates
  - o A rate table that includes both direct and indirect rates by year.



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### ***ISSUE***

#### **Proposals Provided in Pro-Pricer Software**

- RICC requires cost proposals to be provided in excel format with working formulas.
- Pro-Pricer may be utilized, but the proposal summary and supporting schedules should be converted to excel. In addition, rate tables and calculations should be easily accessible.



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### ***ISSUE***

#### **Non-Competitive Subcontractor Proposals**

- Contractors should provide basis of price reasonableness of subcontractor proposals per FAR 15.404-3
- When subcontractor cost or pricing data is required the contractor should analyze the subcontractor cost or pricing data and provide the subcontractor pricing data to the Government



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### ***ISSUE***

- **Competitive Subcontractor Proposals**
  - The contractor shall provide their determination of price reasonableness for competitive subcontracts, usually a comparison of the subcontract bids received



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### **ISSUE**

- **Excessive Pass Through Charges**
  - FAR 52.215-23 – Limitations on Pass-Through Charges defines “Excessive pass-through charge,” with respect to a Contractor or subcontractor that adds no or negligible value to a contract or subcontract, means a charge to the Government by the Contractor or subcontractor that is for indirect costs or profit/fee on work performed by a subcontractor (other than charges for the costs of managing subcontracts and any applicable indirect costs and associated profit/fee based on such costs).



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### ***ISSUE***

- **Excessive Pass Through Charges (continued)**
  - “No or negligible value” means the Contractor or subcontractor cannot demonstrate to the Contracting Officer that its effort added value to the contract or subcontract in accomplishing the work performed under the contract (including task or delivery orders).



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### ***ISSUE***

- **Profit On Capital Investment Projects**
  - Army Policy is that Capital investment projects directly funded by the Army will exclude profit or fee because their purpose is to enable the contractor to provide the product or service being procured.
  - We do pay profit on the contractor's effort in the process, such as engineering or program management and their applicable OH/G & A costs.



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### ***ISSUE***

- **Adequate Budgetary Data for Future Year Indirect Expense Rates.**
  - DCAA issued guidance that tells auditors to un-support out year rates and related cost in out years where there are no forecasts or related budgetary data.



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## ***QUESTIONS?***