Proposal Preparation and Supporting Information



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FAR 15.408, Table 15-2

 Provides instructions on preparing a contract pricing proposal when cost or pricing data are required

 Provides two basic yet critical rules on the submission of data







- A clear distinction between submitting cost or pricing data versus merely making available books, records and other documentation without identification
- Cost or pricing data is met when all accurate cost or pricing data has been submitted and properly identified
- This rule continues up to the time of agreement on price







- Submission grants the Contracting Officer or authorized representatives the right to examine records that formed the basis of the proposal
- Examination can take place any time before award
- Includes books, records, documents, and other types of factual information that will permit an adequate evaluation of the proposed price





Cost or Pricing Data FAR 2.101

- All facts as of the date of price agreement
- More than historical accounting data
- Facts that can be reasonably expected to contribute to the soundness of estimates of future costs
- Including vendor quotes, support for projected hours, data for business volume, etc.





Certification of Current Cost or Pricing Data (FAR 15.406-2)

• Certification pertains to the proposal documentation in three critical areas.

Is it accurate?

- Is it current?
- Is it complete?

 Certification applies to the date negotiations were concluded and a price agreement was reached



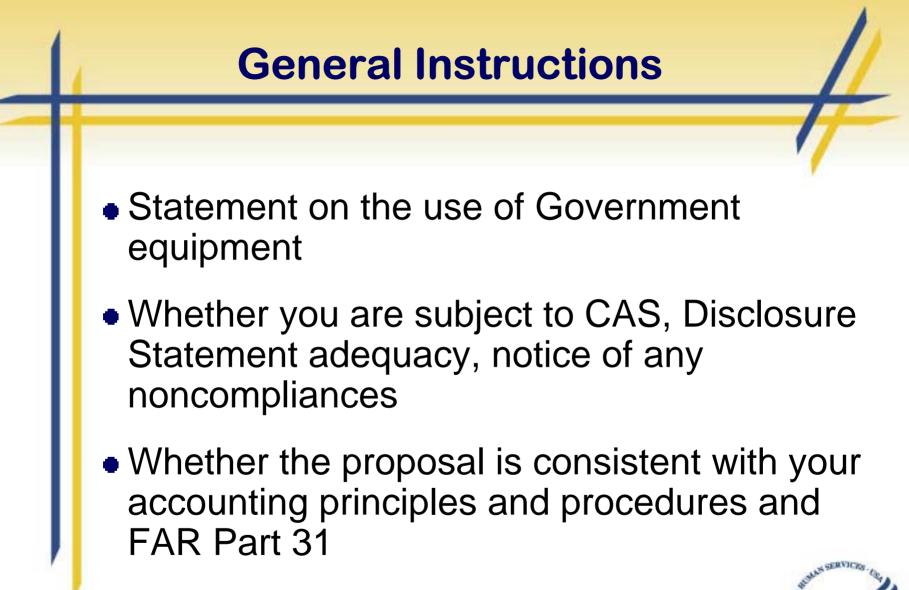


General Instructions

- Solicitation number
- Point of contact
- Type of contract action new, change order, FFP, CPFF, CPAF, etc.
- Proposed cost, profit or fee, total











General Instructions

- Index, appropriately referenced
- Information required to explain your estimating process
- Any judgmental factors
- Cost element breakdown for each line item consistent with your accounting system
- Summary cost totals for each cost element



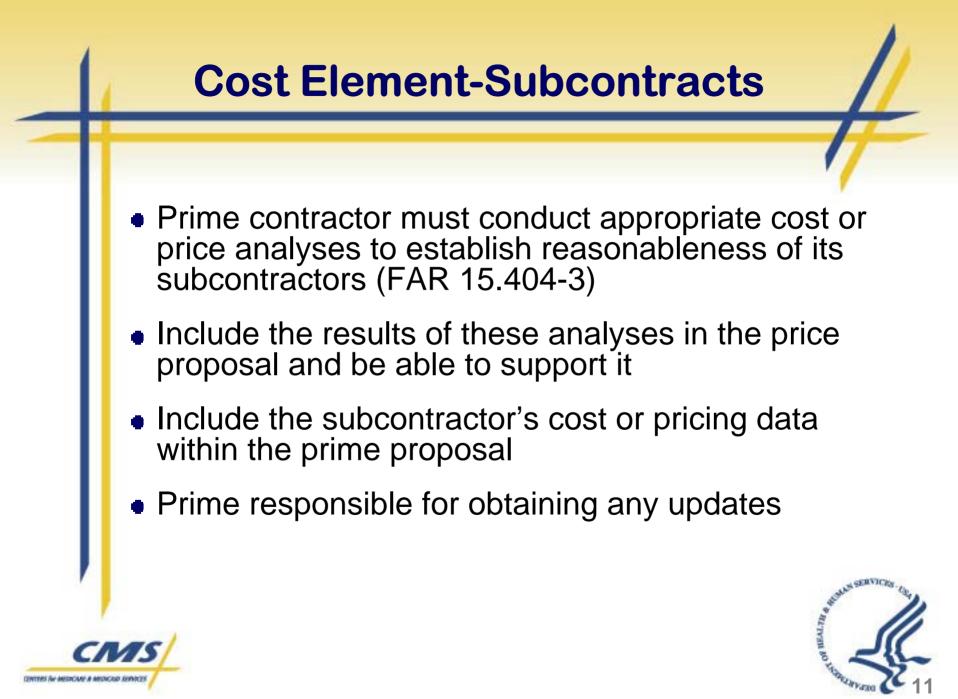


Cost Element-Materials

- Consolidated priced summary of individual material quantities included in the various task
- For each item properly identify it, list the quantity, the unit cost and the extended total cost
- Include basis for the pricing vendor quotes, invoice prices, purchase orders, etc.
- Data showing the degree of competition and the basis for establishing the source and reasonableness of the price







Cost Element-Direct Labor

 Provide a time-phased (monthly, quarterly) breakdown of the hours by appropriate category

- Include consolidated totals by year
- Furnish basis for the hours proposed



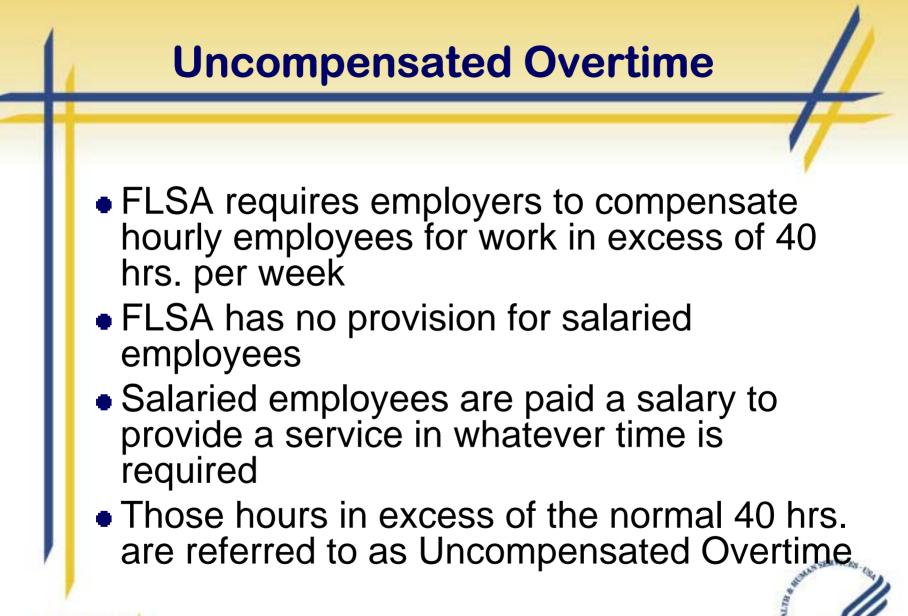


Cost Element-Direct Labor

- Provide labor rates by appropriate category
- Furnish accounting data to support the direct labor rates proposed
- Include basis for any escalation for future periods









Uncompensated Overtime FAR 52.237-10

- Identify in the proposal the hours in excess of 40 hours per week, by labor category, and indicate the uncompensated overtime rate per hour
- The accounting practice used to estimate uncompensated overtime must be consistent with the accounting practice used to accumulate it
- A copy of the policy addressing uncompensated overtime must be included in the proposal





Uncompensated Overtime – Accounting Methods

- Computing a labor rate based on the salary paid divided by total hours worked and distributing the salary to all cost objectives based on that rate
- Determining a pro rata allocation of the total hours and distributing the salary using the pro rated allocation
- Utilizing an estimated hourly and then accumulating the actual variance in an overhead account





Cost Element-Other Direct Cost

- Provide totals by the elements within the category – e.g. travel, consultants, etc.
- Furnish basis for the trips proposed and the support for the costs
- Furnish data to support the reasonableness of the consultants proposed
- Ensure proposal is supportable by your accounting system and the FAR requirements. (e.g. supplies indirect vs. direct)



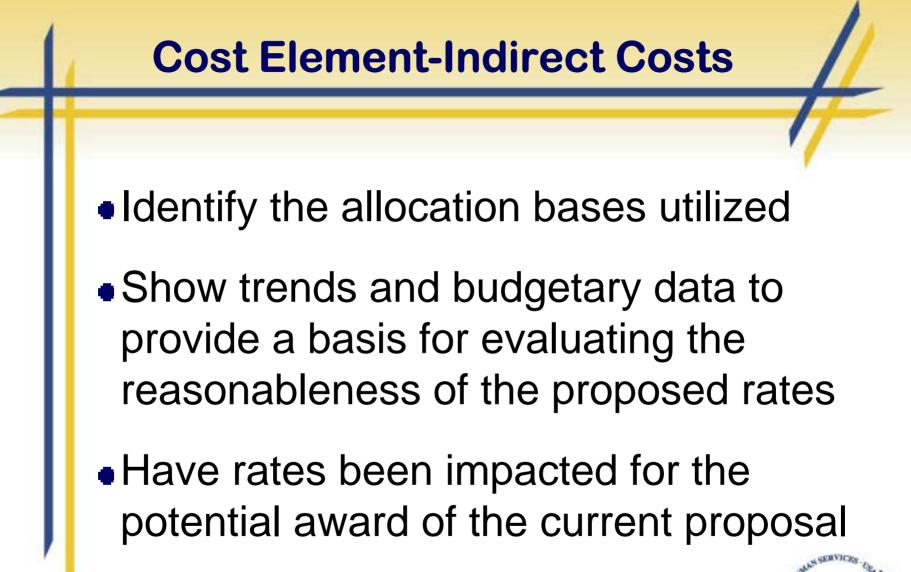


Cost Element-Indirect Costs

- If there is a forward pricing rate agreement with the Govt. identify the agreement, include a copy and describe its nature and applicability
- Clearly indicate the indirect rates utilized
- Identify what comprises the indirect pools











Profit/Fee FAR 15-404

What it isn't

- Application of an historical average
- Application of a predetermined percentage

What it is

- Motivator for efficient and effective contract performance
- Structure approach to take into account relevant factors





Profit/Fee Factors

Contractor Effort

- Material
- Direct Labor
- Overhead
- Other Cost
- G & A

- Other Factors
 - Risk
 - Investment
 - Performance
 - Socioeconomic
 - Special Situations





Questions and Answers



