Decision

Matter of: American Systems Corporation

File: B-409632

Date: June 23, 2014

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DIGEST

Protest that agency improperly rejected proposal that included paper copies of cost spreadsheets, but omitted electronic copy of subcontractor’s spreadsheets, is denied where solicitation required submission of paper copies of proposal, as well as electronic copies of proposal that included formulas, to allow for evaluation of the subcontractor’s proposed cost/price submission.

DECISION

American Systems Corporation (ASC), of Chantilly, Virginia, protests the rejection of its proposal as unacceptable by the Department of the Army, Program Executive Office, under request for proposals (RFP) No. W900KK-14-R-0014 for test instrumentation enterprise development and support (TIEDS) services. ASC argues that the Army improperly rejected the firm’s proposal because the firm omitted an electronic copy of a subcontractor’s pricing spreadsheets.

We deny the protest.

BACKGROUND

The Army issued the RFP on January 31, 2014, seeking proposals for the award of a single indefinite-delivery, indefinite-quantity contract, under which the Army will place fixed-price, cost-plus-fixed-fee, or time-and-materials task orders. RFP at 27, 38. The RFP estimated the total value of the contract at $48 million, and provided for award to the firm whose proposal was deemed the best value, based on
a tradeoff between the non-price factors and evaluated price. Id. at 27-28, 92. The three non-price factors, in descending order of importance, were management, technical, and past performance. Id. at 109. When combined, the non-price factors were significantly more important than price. Id. at 115.

Among the instructions for proposal delivery, the RFP warned offerors that the failure to submit a proposal “in accordance with the date and time deadlines or [in] the manner specified” could result in being found ineligible for award. Id. at 93. The RFP went on to advise offerors that a failure to provide “all requested proposal information” could also result in being found ineligible for award “at the sole discretion of the Contracting Officer.” Id.

The RFP instructed each offeror to organize its proposal in five volumes. Each volume was to be submitted as one original, a varying number of copies, and one electronic submission. Id. at 95. More specifically, with respect to the price/cost volume, the RFP required the original, three copies, and the electronic submission in the form of a CD-ROM or DVD in Microsoft Office 2007 compatible format. Id.

The RFP directed offerors to provide “sufficient supporting data to enable [the Army] to understand how the Offeror developed proposal prices for the labor categories . . . .” Id. at 102. In addition to a reference to the submission of cost information in the form of an Excel spreadsheet, id. at 101, the RFP directed offerors to provide an electronic spreadsheet showing the calculation of labor rates, as follows:

Offerors shall identify all indirect rate percentages utilized in calculating these burdened rates and any associated escalation factors and provide rationale if the base direct/indirect and escalation rates utilized in this build-up (in addition to those provided in Attachment 5 [the labor cost/price summary spreadsheet] if applicable) provided in an excel spreadsheet showing all applicable formulas used to compute each fully burdened rate.

Id. at 102.

The RFP then directed each offeror to provide sufficient information to support the reasonableness of its proposed direct labor rates, indirect rates, and escalation. Id. Additionally, if the offeror lacked either a forward pricing rate agreement or a forward pricing recommendation, the RFP directed the offeror to provide additional information “in an excel spreadsheet showing all applicable formulas used to compute each fully burdened rate.” Id. The RFP instructed offerors to use a spreadsheet (RFP section J, attachment 5) that incorporated “formulas to depict rates and factors for each cost entry,” which was to be completed and submitted by the offeror, and warned that “[t]here shall be no hidden or protected cells.” Id.
Finally, the RFP informed offerors that during the cost/price evaluation, the “labor rate build-up will be verified for accuracy.” Id. at 113.

ASC prepared a proposal, describing its approach to providing TIEDS services, and indicating that it intended to use the services of a subcontractor.1 Protest at 5. In the course of assembling its proposal, ASC had received pricing information for its subcontractor in sealed envelopes, to be opened only by the Army. Id. On March 4, ASC submitted a timely proposal, but included only one of two sealed envelopes that the firm had received from its subcontractor. Id. The envelope submitted with ASC’s proposal contained only paper copies of the subcontractor’s pricing information, not an electronic submission. Id. at 6. As a result, the second sealed envelope from the subcontractor, which contained an electronic copy of the subcontractor’s spreadsheets, was not delivered with ASC’s proposal. Id. at 5.

The paper copies of the subcontractor’s spreadsheets showed the elements of each labor burden, the costs across which the subcontractor applied those burden elements, and the resulting rates. However, the paper spreadsheet did not display each of the electronic instructions that directed the spreadsheet software to add (i.e., the sum of a column of figures), divide (i.e., to calculate the percentage “rate” burden by dividing a cost total by the corresponding labor total), or multiply (i.e., calculate the product of the burden percentage rate and the unburdened rate). Army Supplemental Document Submission, Subcontractor “Actuals & 2014 Provisionals” Spreadsheet, at 1.

On March 11, ASC contacted the Army to state that the firm had discovered that its proposal had been submitted mistakenly without the second envelope (which contained electronic versions of the subcontractor’s spreadsheets), and that ASC was submitting the missing envelope. Protest at 6; Agency Report (AR) at 4. On March 12, the Army rejected ASC’s proposal as unacceptable because the proposal submitted on the due date lacked the required electronic version of the subcontractor’s spreadsheets. Id.; AR, Tab 3, Letter from Contracting Officer to ASC, Mar. 12, 2014, at 1. Following a pre-award debriefing, ASC filed this protest.

ANALYSIS

ASC argues that the omission of an electronic version of its subcontractor’s spreadsheets was a minor formal defect, which the Army should have allowed the firm to correct. According to ASC, the paper versions of the two spreadsheets, which included with the proposal on March 4, already set forth all of the required data; the only missing information was electronic instructions to perform obvious

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1 Although ASC’s proposal involved multiple subcontractors, only one is at issue, so our decision refers only to a single subcontractor for sake of clarity.
functions--adding, dividing, and multiplying--that were clearly implied by the spreadsheet itself. ASC thus analogizes the missing electronic spreadsheets to the omission of duplicate paper copies of a proposal. Protester’s Comments at 13-15.

In reply, the contracting officer states that, without the electronic versions of the spreadsheets, the agency could not “properly and efficiently perform the evaluation process.” AR, Tab 4, Declaration of Contracting Officer, at 1; Tab 5, Declaration of Head Cost/Price Analyst, at 1. The head cost/price analyst further argues that he was unable to “extrapolate[]” formulas used in the spreadsheets of ASC’s subcontractor from the paper copy that allowed the government to view its pricing buildsups for accuracy. See AR, Tab 5, Declaration of Head Cost/Price Analyst, at 1.

It is an offeror’s responsibility to submit a well-written proposal, with adequately detailed information that clearly demonstrates compliance with the solicitation and allows a meaningful review by the procuring agency. See Herman Constr. Group, Inc., B-408018.2, B-408018.3, May 31, 2013, 2013 CPD ¶ 139 at 3 (agency properly rejected electronic versions of spreadsheets not submitted in Excel format, with formulas included, as required by RFP). Proposals with significant informational deficiencies may be excluded, whether the deficiencies are attributable to either omitted or merely inadequate information addressing fundamental factors. Johnson Controls, Inc., B-407337, Nov. 20, 2012, 2012 CPD ¶ 323 at 4.

ASC argues that the electronic versions are essentially duplicative of the timely-submitted paper versions, which the agency could have used to perform a complete price/cost evaluation, and that the late electronic copies did not permit the firm to gain any advantage. Protester’s Comments at 20-21. We disagree. The electronic version of the spreadsheets contained software instructions showing how particular data was calculated (for example, that each amount labeled as a “total” was the sum of the column of numbers above it). In short, the paper copy did not show the actual computer instructions, thus the omission of the electronic version of the two subcontractor price spreadsheets left the agency to “extrapolate[]” the arithmetic, rather than being able to ascertain it from the software itself. See AR, Tab 5, Declaration of Head Cost/Price Analyst, at 1.

As the agency’s head cost/price analyst explained, trying to develop formulas would mean that he would bear the risk of error in his calculations, which could lead to error in the evaluation itself. Id. An agency is not required to adapt its evaluation to comply with an offeror’s submission; even if the agency could have extrapolated the missing information to allow for a full cost/price evaluation, the question is not what the agency could possibly do to cure a noncompliant submission, but rather, what it was required to do. Herman Constr. Group, Inc., supra, at 3. Where proposal submission requirements are clear, an agency is not required to assume the risks of potential disruption to its procurement in order to permit an offeror to cure a defective proposal submission initiated by its failure to comply with mandatory solicitation requirements. Id.
Since ASC’s omission violated the terms of the RFP, the missing electronic version could not be cured after the due date for submission of proposals, and thus the Army properly rejected ASC’s proposal as unacceptable.

The protest is denied.

Susan A. Poling
General Counsel