

THE GOOD,
THE BAD
AND
THE UGLY
OF
CONTRACTOR PROPOSALS

MODERATOR:

Leisa Bodway, Director

OAGM, Acquisition Business & Services Group

**LEISA
BODWAY
MODERATOR**

**JOHN SROKA
CHIEF FINANCIAL OFFICER
PROVIDER RESOURCES,
INC.**

**CHRIS KLOTS
DIRECTOR
CENTER FOR MEDICARE
MEDICARE CONTRACTOR
MANAGEMENT GROUP
DIV OF MAC STRATEGY &
DEVELOPMENT**

**PANEL
of
EXPERTS**

**MELINDA (MIKI) LEWIS
DEPUTY DIRECTOR
OFFICE OF INFORMATION
SERVICES RESOURCE &
ACQUISITION MANAGEMENT
GROUP
DIVISION OF CONTRACTS AND
PROCUREMENT**

**CHIP FARMER
CONTRACTING OFFICER
OAGM, MEDICARE
ADMINISTRATIVE
CONTRACTOR GROUP
DIV OF WESTERN MACS**

**CHRIS HAGEPANOS
DIRECTOR
OAGM, INFORMATION
TECHNOLOGY GROUP
DIVISION OF DATA CENTER
CONTRACTS**

**DEBRA STIDHAM
CONTRACTING OFFICER
OAGM, ACQUISITION
SERVICES GROUP
DIV. OF PROGRAM INTEGRITY
& FINANCIAL CONTRACTS**

Agenda

- Characteristics and Examples of –
 - Good Proposals
 - Bad Proposals
 - Ugly Proposals
- Questions for the Panel

WHY ARE WE CONCERNED ABOUT WHAT THE CONTRACTOR'S PROPOSAL SAYS?



Category	FY 2012 Dollars	FY 2013 Dollars
Contracts	\$5.1 billion	\$5.75 billion
Grants	\$2.2 billion	\$3.4 billion
Interagency Agreements	\$1.03 billion	\$851 million
TOTAL	\$8.33 billion	\$10 billion

ADDITIONAL CONCERNS?

- **FEDERAL ACQUISITION REGULATION VISION:**
“To deliver on a timely basis, the best value product or service to the customer, while maintaining the public’s trust and fulfilling public policy objectives.”
- **SMALL BUSINESS GOALS – 20% OF ALL CMS AWARDED DOLLARS MUST GO TO SMALL BUSINESSES**

HOW DO WE MAKE THESE ASSURANCES???

- Satisfy the customer in terms of cost, quality and timeliness of the delivered product or service by, for example –
 - Maximize the use of commercial products or services;
 - Use contractors who have a track record of successful past performance or who demonstrate a current superior ability to perform; and,
 - Promoting competition.

The Good

Characteristics of Good Proposals:

BUSINESS Proposal:

- Information on various cost proposal worksheets are consistent with other associated cost proposal worksheets.
- Labor categories, hours, FTEs accurately align with staffing plan.
- Cost proposal tracks to Work Breakdown Structure (WBS)
- Basis of estimate for each cost element is clear.
- Basis for estimate for each cost element is substantiated.
- The contractor paid attention to whether the requirement is commercial or non-commercial, which required build up (or not) of labor rates.

The Good

Characteristics of Good Proposals:

TECHNICAL Proposal:

- Technical proposal narrative tracks to the Work Breakdown Structure (WBS) AND Cost Proposal.
- The proposal tell the reviewer not only “What” will be accomplished, but “How” it will be accomplished.

The Good

Specific Examples:

Government question labor rates. Based on analysis, labor rates appeared unrealistically low. Contractor provided very detailed support for its determination that the labor rates were not only reasonable, but were realistic. The detail was so clear and reasonable that the Government had no basis to question or adjust for the purpose of cost realism.

The Bad

Characteristics of Bad Proposals

BUSINESS PROPOSAL

- Labor hour and FTE totals in the business/cost proposal do NOT match to labor hours and FTEs illustrated in the Technical Proposal (Staffing Plan).
- Payroll data to verify proposal labor rates is not provided, or is out dated.
- The basis for estimating is not clear, including the basis for determining salaries.
- Calculation errors.
- No evidence of cost analysis for subcontract awards and other appropriate considerations, reference FAR 44.202-2.
- Spreadsheet calculations are not viewable and/or traceable in order to permit verification.

The Bad

Characteristics of Bad Proposals

TECHNICAL PROPOSAL

- Proposal repeats language in Solicitation or RFQ rather than provide information requested, i.e., We will work with the Government to develop a plan.
- Proposal is based on existing contract scenario, not what is indicated in the solicitation SOW.

The Bad

Specific Examples of a Bad Proposal:

- Business Proposal Template and Instructions requested an illustration of proposed FTEs and labor hours for each labor category proposed at the subcontractor and prime contractor level.
 - **Subcontractor hours were not illustrated.**
 - **The total FTEs and labor hours reflected on the worksheet did not match** the totals based on the information on the worksheets for each CLIN.

Note: When there are discrepancies such as this the Government is challenged with determining if adjustments are needed for purposes of cost realism.

- Contractor proposed a Company Officer to serve in **Project Director** (Key Personnel Position) specified in the SOW. The proposed labor rate corresponded to the **President's salary**. Company Officer salary was unreasonable, considering the role to be performed on the contract.
- **Calculation errors**, including not applying overhead rates consistent with accounting practices.
- Proposed costs are not in accordance with **accounting practices**.

The Ugly

Characteristics of Ugly Proposals:

- No labor rates – Only total dollars
- No subcontractor cost breakdown – Just a total dollar amount.
- Contractor submitted a cost reimbursement proposal, but does not have an adequate accounting system, or the ability to obtain one in time for award.
- Proposed costs are not in accordance with accounting practices as indicated in the most recent “Disclosure Statement.”

Contractor Question: What happens after proposals have been submitted to the government? Provide an overview of the proposal receipt and review process. What are the roles of the major procurement stakeholders?

- **Contracting Officer (CO):**
 - Business and Technical Proposals are reviewed to ensure that everything the contractor said should be there, has actually arrived.
 - Business and Technical Proposals are separated for review.
 - Business Proposal – Stays with the CO until after technical review.
 - Technical Proposal – Goes to the Technical Evaluation Panel for review.
- **Technical Evaluation Panel (TEP):**
 - Reviews the proposals.
 - Listens to the oral presentation, if required.
 - Documents their questions for clarification.
 - Panel gets together to arrive at consensus on the evaluation of each proposal.
 - Deliver their report to the CO.
 - Repeat this process for the Business Proposal
- **Conclusion of Analysis/Award** – Proposals are either placed in the official contract file and stored, or discarded after the protest period has lapsed.

Contractor Questions for the Panel

What are your top 3 most egregious errors/omissions observed in contractor proposals?

Contractor Questions for the Panel

What is your perspective on
what makes a winning
proposal?

What are some pitfalls?

Contractor Questions for the Panel

How can contractors help CMS
improve the contract
proposal/acquisition or
procurement process?

Contractor Questions for the Panel

Has CMS considered the development and dissemination of more standardized processes, forms and definitions related to Conflict of Interest disclosure requirements given the agency's mandate to ensure that Contractors are free of conflicts.

CMS Conflict of Interest Clause Update

Coming Soon!

- **OAGM Internal Procedures** – Updated to provide:
 - Templates for staff to use to perform a Pre-solicitation assessment of the requirements to determine if there are OCIs that must be mitigated; and,
 - Tools to analyze and document rationale for decisions made.
 - Tools to make future analysis available to all COs (from previous analyses conducted).
 - Standardized Alternate Section H language to choose from, depending upon the contract program.
- **Section H – Conflicts of Interest Updates**
 - Includes:
 - Definitions for Biased Ground Rules, Unequal Access and Impaired Objectivity.
 - Requirements for “Personal” Conflicts of Interest.
 - Other helpful definitions.
 - Subcontractors will follow the same submission requirements.
- **Section K – New certification requirements**
 - Includes standard templates for contractors to use for
 - Proposal submission; and,
 - Personal COI disclosures.
- **Section L – New and better instructions.**

Questions – Time Permitting

