

2022

# Supplier FAR 15 Proposal Adequacy Guidelines

BAE Systems Combat Mission Systems (CMS)



# Sections

- Purpose
- Proposal Formatting
- Recommended Content
- Support Resources
- Post Submission
- Frequently Asked Questions



**For Reference Purposes Only** Nothing in this presentation shall be construed as a legal opinion on contractual direction. All of the numbers represented in this presentation (BAE Systems CMS Supply Chain Proposal Adequacy Guidelines) are for reference purposes only and should not be construed as acceptable ratios for proposal packages. In the event of a conflict or discrepancy between the information in this presentation and the Federal Acquisition Regulation (“FAR”); the Defense FAR Supplement; or any other law, regulation, or contractual/subcontractual provision (collectively, “Provisions”), such Provision(s) shall control and prevail.

# Purpose



Applicability  
Exceptions  
Guidelines

# Purpose

The purpose of this presentation is to review the Basic Requirements for proposals submitted to BAE Systems, CMS, when certified cost or pricing data is required

- This guideline is **not applicable** to proposals that are:
  - Valued at less than the cost or pricing threshold set in FAR 15.403-4 (\$2M)
  - Not required, based on the type of RFP (Request for Proposal) received from the customer
    - Examples include OTA (Other Transactional Agreement), Competitive
  - Adequate price competition
  - Prices set by law or regulation
  - Commercial products and commercial services
    - CoPD is not required, however, suppliers will be required to work with BAE Systems to gain approval through legal for submission to DCMA where applicable.
  - Waivers (rare instances)

Denials: Should BAE Systems be denied access to cost or pricing data, a denial letter/email must be provided to BAE Systems detailing what is being denied.

# Guidelines

A subcontractor is required to submit certified cost or pricing data when their proposal meets the criteria set on the prior slide and does not contain any exceptions referenced in FAR Part 15.403

## Certified Cost and Pricing Data (CCDP)

- Required by Public Law

## Cost or Pricing Data Defined

- All facts supporting the cost of the proposal are truthful, accurate and complete, when none of the exceptions apply

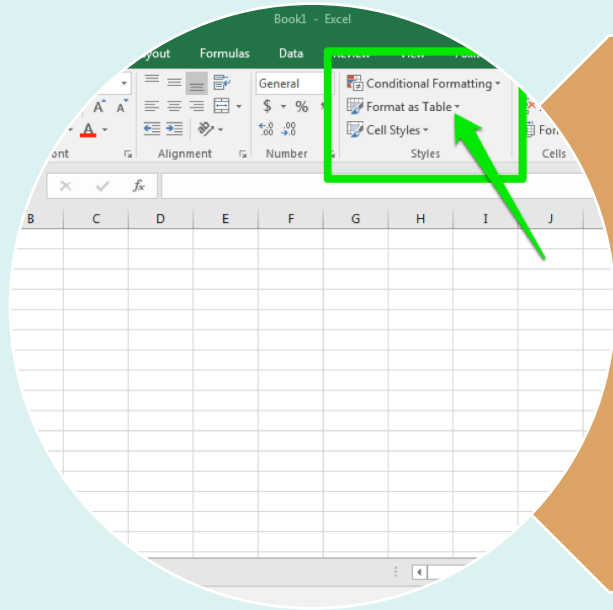
## Supplier Submission

- BAE Systems, relies on truthful, accurate and complete, subcontractor proposals for submissions of certified cost or pricing data

## BAE Submission

- Certified cost or pricing data is obtained to allow BAE Systems to establish a fair and reasonable price

# Formatting Requests



Excel Formatting  
Formulas  
Links in Proposal  
Formatting to Print

# Proposal Formatting

Proposal documentation should be provided in excel to the greatest extent possible, with all formulas intact

- This is required for any suppliers proposal (including sub-tier) where their proposed prices meet the criteria set, there are no exceptions and their proposal is non-competitive

Format your proposals so that the proposal is Print Ready

- Formatted to fit all columns to pages with header rows repeating and page numbers

Ensure appropriate proprietary marking are included

- Do not submit export-controlled data. Each spreadsheet shall have subcontractor proprietary markings to protect data from disclosure, preferably in incorporated as footers in the spreadsheet

# Content Guidance

## Labor BOEs

- Should include the rationale used to estimate labor hours
  - Actuals
  - Parametric Estimating
  - Judgment
- Actuals should be used to the greatest extent possible
- If actuals cannot be used, the labor BOE should explain why

## Consolidated BOMs

- For each part, there should be column that explains the basis of the pricing
  - Quote
  - Purchase Order
  - Long-Term Agreement
  - history with escalation)
  - projected Source Justification
    - Single Source
    - Sole Source
    - Competitive

## Indirect Rates

- For all rates and factors, a pool and base actuals over the last five years
- For all three previous years, a breakout of the pool dollars into its subcomponents

# Recommended Proposal Content



Instructions for Submitting  
Cost/Price Proposals  
Table 15-2  
Recommended Content

## Table 15-2 – Instructions for Submitting Cost/Price Proposals

FAR Part 15.408, Table 15-2, provides instructions for preparing a contract pricing proposal when certified cost or pricing data are required

### Sample Required Items & FAR References:

Link to Table: [FAR 15.408, Table 15-2](#)

Required Items	FAR Reference
Supplier Proposal Adequacy Checklist	BAE Systems Policy
Cover Sheet	FAR 15.408, Table 15-2, I.A.
Index of Cost or Pricing Data	FAR 15.408, Table 15-2, I.B.
Cost Element Breakdown	FAR 15.408, Table 15-2, I.D.
Summary Cost Element Breakdown	FAR 15.408, Table 15-2, I.E.
Material	FAR 15.408, Table 15-2, II.A.
Labor	FAR 15.408, Table 15-2, II.B.
ODC	FAR 15.408, Table 15-2, II.D.
Non-Recurring	FAR 15.408, Table 15-2, II
Indirect Rates and Factors	FAR 15.408, Table 15-2, II.C.

Reference FAR Part 15.408, Table 15-2 – Instructions for Submitting Cost/Price Proposals When Certified Cost or Pricing Data are Required – for details

# BAE Systems Required Content for Compliant FAR 15.408 Proposal

**CONTENTS OF THIS GUIDE ARE NOT MEANT TO BE COMPREHENSIVE**

Please Use your supplied, *"Supplier Proposal Adequacy Checklist"* when completing your FAR 15.408 Compliant Proposal



# Proposal Cover Sheet

## Include a Cover Sheet that includes the following information:

- Solicitation Number
- Name and Address of offeror
- Quote Validity
- Name and Telephone number of point of contact
- Name, address, phone number and email for your DCMA and DCAA
- Type of contract action
- Proposed cost, profit or fee, and total price – maximum proposal value
- If you will require the use of government property
- Whether your organization is subject to cost accounting standards (CAS)
- The statement designated in FAR 15.408, Table 15-2, I. A. (9)
- Date of Submission
- Name, title and signature of authorized representative

## Sample:

<b>ACME Proposal 123456 for BAE Systems Cost or Pricing Proposal</b>	
<b>Quote Number:</b>	12345678-BAE
<b>Quote Validity:</b>	12/31/20XX
<b>Solicitation Number:</b>	RFP No: R2097-0005
<b>Name and Address of Offeror:</b>	ACME Anvil Corporation Main Street York PA 12345
<b>Name, Telephone Number of Point of Contact:</b>	Taylor Smith 717-555-5555
<b>Name, Address, Phone Number and Email of DCMA and DCAA POC:</b>	DCMA Orlando 3555 Maguire Boulevard Orlando, FL 32803-3726 DCMA code s1002a
<b>Type of contract action:</b>	New Contract
<b>Proposed cost, profit or fee, and total price – maximum proposal value:</b>	\$5,000,000 + \$500,000 = \$5,500,000
<b>If you will require the use of government property:</b>	The contractor does not intend to use any government property in the performance of a contract resultant from this proposal.
<b>Whether your organization is subject to cost accounting standards (CAS)</b>	Part A, Exemption 5, Claimed with Proposal
<b>The statement designated in FAR 15.408, Table 15-2, I. A. (9)</b>	By submitting this proposal, offeror grants bae systems, the contracting officer and authorized representative(s) the right to examine, at any time before award, those records, which include books, documents, accounting procedures and practices, and other data, regardless of type and form or whether such supporting information is specifically referenced or included in the proposal as the basis for pricing, that will permit and adequate evaluation of the proposed price.
<b>Date of Submission:</b>	06/01/20XX
<b>Name, title and signature of authorized representative:</b>	/s/ Joe Salesman, April 1, 20XX

# Index / Table of Contents

Include an index that references where the supporting data for your estimates is located in the proposal

## The Index should include the following information:

- **Title of information being referenced**
  - Summary
  - Cost Element Breakdown
  - Material
  - Labor
- **Location in the proposal**
  - Page Number or file name and page (if located in a separate file/document)
- **Cost Element Supporting**
  - Material
  - Labor
  - ODC
  - IWO

## Generic Example:

Acme Anvil Corporations' Proposal to BAE Systems  
Armored Multi-Purpose Vehicle (AMPV) Program  
1000 Anvils

### Index / Table of Contents

1. Cover Sheet
2. Ground Rules, Conditions and Assumptions
3. Proposal Narrative
4. Cost Element Summary
5. Pricing Summary
6. Delivery Schedule
7. Deliverable HW Unit Price Buildup
8. Support Labor BoEs
9. Rates and Factors Summary
10. Rates and Factors Detail
11. Cost Bill of Materials (cBOM)
12. Other Direct Costs (ODC)
13. Vendor Quotes
14. BAE SPCC (Supplier Proposal Compliance Checklist)
15. ACCP (Access to Certified Cost or Pricing)
16. IP Assertions
17. RFP Compliance Matrix

# Proposal Summary

Provide a brief summary of the current proposal to include what items/services are being proposed, the period of performance, and scope

BAE Systems also requests that suppliers provide the following information to supplement the proposal summary and help form an understanding of the proposed costs:

## Key Assumptions and Exceptions

- Provide any key assumptions and exceptions taken to BAE Systems Terms and Conditions, as spelled out in the Request for Proposal (RFP)
- This may be presented as specific clauses called out as exceptions taken or “red lined” terms and conditions which may be incorporated by reference

## Company Background

- Most companies include company name, company history, industry, rough number of employees, and general product offerings

## Estimating Overview

- Briefly describe how each cost element was proposed.
- The five cost elements are
  - Direct Labor
  - Direct Material and Services
  - Indirect Rates and Factors
  - Other Direct Costs, and
  - Profit

# Proposal Summary (continued)

## Status of DFARS Business Systems (Estimating, Accounting/Billing and Purchasing)

- For each of the DFARS Business Systems, disclose Status as:
  - Approved,
  - Disapproved, or
  - Not Reviewed
- **Requirement is only applicable to Large businesses** as the requirements of DFARS Business System Rules has exempted small business

## CAS Applicability

- Suppliers should state if they are CAS covered
- Suppliers are either:
  - Not CAS covered,
  - Subject to modified CAS, or
  - Fully CAS Covered
- Small Business is exempt from the requirements of CAS

## Attachments

- Government Property
- DCAA/DCMA letters
- Provide USG approvals of:
  - Business Systems,
  - Indirect Rates, or
  - Approval for use of Government Property as required to support the proposal.

# Direct Labor Hours

## Time Phasing

- Provide a **time-phased** (e.g., monthly, quarterly) breakdown of labor hours
- Rates and Cost by appropriate category, and furnish a basis for estimates

## Proposed Labor Hours

- Generally a combination of **direct and support** labor hours

## Indirect Employees

- Pay careful attention to **not bid** indirect employees for direct efforts without removing the proposed labor from the indirect pool

## Breakdown

- Provide a breakdown of the labor hours by **labor category and function** along with a **basis of estimate** for the proposed labor hours

Generic Example:

Time Phased Breakdown									
		Year							
Dept.	Description	2016			2017			Total	
Direct Labor		Hour	Rate	Dollars	Hour	Rate	Dollars	Hour	Dollars
1001	Assembly	2,000	\$15.00	\$30,000.00	1,500	\$20.00	\$30,000.00	3,500	\$60,000.00
1002	Machine Shop	200	\$20.00	\$4,000.00	100	\$25.00	\$2,500.00	300	\$6,500.00
1003	Test	100	\$25.00	\$2,500.00	50	\$30.00	\$1,500.00	150	\$4,000.00
<b>Total Direct Labor</b>		<b>2,300</b>		<b>\$36,500</b>	<b>1,650</b>		<b>\$34,000</b>	<b>3,950</b>	<b>\$70,500</b>

# Indirect Rates and Factors

## Rates include:

- Direct Labor
- Overhead
- General and Administrative Expenses (G&A)
- Cost of Money (COM)

## Requirements include:

- Explanation as to how the rates were calculated
- Detailed documentation (financial statements, labor pools, listing of unallowable expenses, etc.) that support the rate calculations
- Provide three years of your most current actuals to support the claimed rates
- If budgetary numbers differ significantly from the most recent actuals, provide detailed explanations for the differences

## Facilities Capital Cost of Money (FCCM)

- Requires a completed form complete DD Form 1861 and include a copy in your proposal submission.

## Further reference material provided below:

- [PGI 215.404-71-4 Facilities capital employed.](#)
- [DD Form 1861](#)

## Generic Example:

Cost Element	Actual 2018	Actual 2019	Actual 2020
<b>OVERHEAD EXPENSES</b>			
Indirect Labor	\$100,000	\$110,000	\$120,000
Employee Insurance	\$50,000	\$55,000	\$60,000
Employers Payroll Taxes	\$25,000	\$30,000	\$35,000
Rent	\$100,000	\$110,000	\$120,000
Utilities/Telephone	\$50,000	\$60,000	\$70,000
Dues & Subscriptions	\$3,000	\$4,000	\$5,000
Depreciation	\$25,000	\$30,000	\$35,000
Travel	\$6,000	\$7,000	\$8,000
Meeting Reg. Fees	\$300	\$200	\$300
Retirement 401K	\$20,000	\$25,000	\$30,000
Misc. Expenses	\$3,000	\$4,000	\$6,000
<b>TOTAL OVERHEAD POOL</b>	<b>\$382,300</b>	<b>\$435,200</b>	<b>\$489,300</b>
<b>OH BASE</b>	<b>\$450,000</b>	<b>\$500,000</b>	<b>\$550,000</b>
<b>OH RATE</b>	<b>85.0%</b>	<b>87.0%</b>	<b>89.0%</b>

# Cost Element Summary

- A cost element breakdown is required for each proposed line item
- If the proposal covers multiple price points or multiple years, a cost element breakdown will be required for each price point for each year
- When more than one contract line item (Part Number, NRE, etc.) is proposed, you must provide summary total amounts covering all items for each element of cost

## Example:

### Base

Deliverable    Widget

SLINs 01-10

### Assy/Part

Number	Description	Qty	Labor Hours	Labor Dollars	Labor O/H \$	Material \$	ODC \$	G&A \$	Total Cost \$	Total Profit \$	Total Price \$	Unit Price \$
123456789	Widget A	1	10	\$30.00	\$6.00	\$700.00	N/A	\$350.00	\$1,086.00	\$ 110.00	\$1,196.00	\$ 1,196.00
123456790	Widget B	2	20	\$60.00	\$12.00	\$600.00	N/A	\$300.00	\$972.00	\$ 100.00	\$1,072.00	\$ 536.00
123456791	Widget C	6	30	\$90.00	\$18.00	\$500.00	N/A	\$250.00	\$858.00	\$ 90.00	\$948.00	\$ 158.00
123456792	Widget D	4	40	\$120.00	\$24.00	\$400.00	N/A	\$200.00	\$744.00	\$ 70.00	\$814.00	\$ 203.50
123456793	Widget E	5	50	\$150.00	\$30.00	\$300.00	N/A	\$150.00	\$630.00	\$ 60.00	\$690.00	\$ 138.00
123456794	Widget F	6	60	\$180.00	\$36.00	\$200.00	N/A	\$100.00	\$516.00	\$ 50.00	\$566.00	\$ 94.33
123456795	Widget G	7	70	\$210.00	\$42.00	\$100.00	N/A	\$50.00	\$402.00	\$ 40.00	\$442.00	\$ 63.14
<b>TOTALS</b>		<b>31</b>	<b>280</b>	<b>\$ 840.00</b>	<b>\$ 168.00</b>	<b>\$ 2,800.00</b>	<b>\$ -</b>	<b>\$ 1,400.00</b>	<b>\$ 5,208.00</b>	<b>\$ 520.00</b>	<b>\$ 5,728.00</b>	<b>\$ 2,388.98</b>

# Consolidated Bill of Material (CBOM) (continued)

## Attrition/Yield or Scrap

- If attrition/yield or scrap are added to material estimates, the supplier needs to provide data to substantiate claimed rates

## Minimum Buys/NRE

- If minimum buys or NRE are incorporated into the proposal pricing, **clearly identify** minimum buys and NRE on the consolidated BOM

## Inter-Organizational (IWO)

- Inter-organizational costs are defined as the costs of items transferred between divisions within the same company
- Provide a **cost element breakdown** for each inter-organizational transfer and support all proposed inter-organizational transfers

# Consolidated Bill of Material (CBOM)

A BOM is a list of the raw materials, subassemblies, quantities, etc., needed to manufacture a product

Include a consolidated Bill of Material (CBOM) for each individual part proposed

The consolidated and individual BOMs need to identify the following for each line item:

- Part Number and Description
- Supplier and Quantity
- Unit and Total Price → Unit pricing on the BOM should tie to the supporting documentation
- Basis for pricing (vendor quotes, purchase orders)
- Results of required price/cost analysis must be provided with the proposal
- Results may be displayed in the CBOM or other section of the proposal

This must be provided to BAE Systems and/or United States Government in excel format with links and formulas intact

\*Refer back to formatting guidelines covered earlier in this presentation\*

# Cost/Price Analysis Requirements

All Items in the BOM that require Price/Cost Analysis are subject to evaluation for the reasonableness of the proposed prices in accordance with FAR 15.404-1, Proposal Analysis Techniques

The preferred method of BAE Systems and the United States Government is through Competition

- For items that are competed in the Bill-of-Material, evidence is required to determine reasonableness through competition, such as:
  - Evidence that an RFP or solicitation to bid was sent to two or more suppliers (Degree of Competition)
  - Supplier's analysis with rationale for why the winning bid represents the Best Value (lowest price, technical considerations, etc.)

Where competition is not achieved, the supplier is required to perform Price/Cost Analysis

- Cost Analysis is the evaluation of the reasonableness of individual cost elements
  - Direct Labor,
  - Direct Material & Services,
  - Other Direct Costs,
  - Rates & Factors, and Profit

Additional reference material for completing cost/price analysis of supplier costs included in a proposal to BAE Systems may be found at:

[FAR 15.404-1, Proposal Analysis](#)  
(link embedded in presentation)

# Other Direct Costs

List other expenses not otherwise included under material and labor (e.g. travel, freight) and provide basis for pricing

<b>For Example</b>	Number of trips, Number of people attending, and Estimated expenses for the travel
<b>Nonrecurring (NRE) Expenses</b>	NRE refers to one-time costs that you would not normally see from proposal to proposal You <b>MUST</b> segregate NRE from the recurring expenses included in the proposal
<b>Examples of NRE</b>	Special Tooling New Equipment Equipment Refurbishment Hours and materials associated with increase throughput capacity Hours and materials to research, develop, design and test new processes One-Time review event

Schedule 2	Bill of Material	Sub-Contract Machining	
			\$ 8,000.00
Instructions		Freight to/from Blasting	\$ 700.00
		Freight to/from Machine Shop	\$ 600.00
<b>RFQ Plates Rings Prop - October 2021</b>		<b>(costs in total)</b>	<b>\$ 9,300.00</b>
Cost Element	Cost	Need for Cost	Basis of Estimate
Subcontract Work	\$ 9,300.00	Sub-Contract Machining	Attached Purchase Order

# Proposal Support Resources



Clarification  
Adequacy Checks  
Available Resources

# Clarification Points and Adequacy Checks

## Adequacy Checks

DFARS Proposal Adequacy Checklist

- Provided by BAE Systems with the Request for Proposal (RFP)
- This checklist should be utilized by the supplier to verify compliance requirements

## Competition

Competitive One-bid received is treated as **single source**

- DoD guidance requires at least 2 quotes to claim exemption from CCPD
- Should only one valid bid be received, despite attempted competition, **cost or pricing will be required**

## Commerciality

Commercial Items require a Commercial Item Determination (CID)

- Approval by a government Administrative Contracting Officer (ACO) is required to be exempt from providing cost or pricing data
- In instances where your proposal contains commercial and sole source items, certified cost or pricing data, or a CID, is required for **any portion** exceeding the threshold

# BAE Systems Subcontractor Proposal Support Resources

## Types of Assistance include:

Proposal Adequacy Checklist

Templates/Guidance

RFP Clarification

Analysis Support (down level cost analysis feedback)

## FAR References:

FAR 15.408, Table 15-2

DFARS 252.215-7009 Proposal Adequacy Checklist

For Assistance with proposal preparation, please contact your Procurement Representative  
The Procurement Representative can direct you to qualified resources within BAE Systems that support your need

# Post-Submission



## Request for Proposal Review of RFP Post Submission

# Activities in the Proposal Phase

## Request for Proposal Package Release to Supplier

- Release of RFP from BAE Systems to Supplier  
Includes Defined Delivery Date
- Two checklists that require completion and submission with the proposal:
- Subcontractor Proposal Compliance Checklist (SPCC)
- Request for Proposal (RFP) Compliance and Access to Certified Cost or Pricing Data Checklist
- Scope of Work
- Quoting Requirements
- Submission of Supplier CoPD Proposal to BAE Systems

## Review of Draft Request for Proposal template/Supplier kickoff:

- Program Scope
- Key Terms and Conditions
- Deliverables
- Schedule
- Proposal Delivery
- Review schedule

## After submission of your proposal to BAE Systems, the following steps may occur:

- Preliminary Fact-Finding
- Formal Fact-Finding
- Cost Analysis
- Potential Proposal Revisions
- Negotiations
- Submission of a Certificate of Current Cost or Pricing Data

# Frequently Asked Questions



FAR Clause Pointers

BoE Requirements

Unbid Scope

Deadlines Communiques

# Frequently Asked Questions

Question	Answer
Does my proposal package need to include a Cover Page?	Yes – described in FAR 15.408, Table 15-2 with a signature and matching values to the proposal
What format does the proposal package need to be submitted in?	Excel is the recommended method in order to review and validate formulas and links PDF is not acceptable as it removes links and formulas for calculations
What if I cannot meet the proposed deadline from BAE Systems?	Any change to the requested proposal due date need to be communicated to your POC at BAE Systems ASAP
Can BAE Systems submit their proposal without my Cost or Pricing Proposal	No - BAE Systems <u>cannot</u> submit its proposal to the government until it has received adequate proposals from its subcontractors
If a contract is awarded and scope was missed in the bid, will BAE pay for that missed scope?	No – BAE Systems will not pay for scope that was not proposed
How much rationale and supporting documentation is required to go along with our proposal in addition to the numbers presented?	You must provide a sound basis of estimate that can be re-performed independently by a knowledgeable reviewer (assume they know nothing about your business)
How many years of Indirect Rates and Factors are required?	BAE Systems requests 5 years, however, <b>at least</b> 3 years worth of history are to be included in the proposal to substantiate the basis of estimate prepared by supplier
Are Cost/Price Analysis required to be submitted with the Proposal Package?	Yes – they are part of the review to determine reasonableness
Are our suppliers proposals that exceed the threshold required to be obtained, analyzed and submitted to BAE Systems, along with our own proposal package?	Yes – Per FAR 15.404-3(c)(1)

# In Summary

## Request for Proposal Package Release to Supplier

Release of RFP from BAE Systems to Supplier

Includes Defined Delivery Date

Two checklists that require completion and submission with the proposal:

Subcontractor Proposal Compliance Checklist (SPCC)

Request for Proposal (RFP) Compliance and Access to Certified Cost or Pricing Data Checklist

Scope of Work

Quoting Requirements

Submission of Supplier CoPD Proposal to BAE Systems

## Review of Draft Request for Proposal (RFP) template/Supplier kickoff:

Program Scope

Key Terms and Conditions

Deliverables

Schedule

Proposal Delivery

Review schedule

## After submission of your proposal to BAE Systems, the following steps may occur

Preliminary Fact-Finding

Formal Fact-Finding

Cost Analysis

Potential Proposal Revisions

Negotiations

Submission of a Certificate of Current Cost or Pricing Data

A group of soldiers in camouflage gear standing in a field at sunset. The soldiers are silhouetted against the bright, low sun, which creates a strong lens flare effect. One soldier in the center is holding a rifle. The background shows a simple, open field with some structures in the distance.

THANK YOU