



**GAO**

Accountability \* Integrity \* Reliability

**Comptroller General  
of the United States**

**United States Government Accountability Office  
Washington, DC 20548**

**DOCUMENT FOR PUBLIC RELEASE**

The decision issued on the date below was subject to a GAO Protective Order. This redacted version has been approved for public release.

## Decision

**Matter of:** Quantech Services, Inc.

**File:** B-408227.8; B-408227.9

**Date:** December 2, 2015

---

John R. Prairie, Esq., William A. Roberts III, Esq., Tara L. Ward, Esq., George E. Petel, Esq., Wiley Rein LLP, for the protester.

David S. Cohen, Esq., Gabriel E. Kennon, Esq., John J. O'Brien, Esq., Daniel Strouse, Esq., and Amy J. Spencer, Esq., Cohen Mohr LLP, for Odyssey Systems Consulting Group, the intervenor.

Capt. Christopher M. Kovach, Maj. George M. Ebert, and Matthew J. Andrade, Esq., Department of the Air Force, for the agency.

Pedro E. Briones, Esq., and Nora K. Adkins, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

---

### **DIGEST**

Protest challenging the agency's cost realism analysis and adjustments to the protester's proposed costs is denied where the record shows that the agency performed a reasonable cost evaluation.

---

### **DECISION**

Quantech Services, Inc., of Lexington, Massachusetts, protests the issuance of a task order to Odyssey Systems Consulting Group, of Wakefield, Massachusetts, under request for task order proposals (RFTOP) No. FA8721-11-R-0002, issued by the Department of the Air Force for advisory and assistance services for foreign military sales. Quantech challenges the Air Force's cost realism analysis.

We deny the protest.

## BACKGROUND

The RFTOP was issued under Federal Acquisition Regulation (FAR) part 16.505 to firms holding PASS<sup>1</sup> II indefinite-delivery, indefinite-quantity (IDIQ) contracts, and provided for the issuance of a hybrid task order (for a 30 day phase-in period, a base year, and 2 option years) to the responsible offeror whose proposal was evaluated as technically acceptable with the lowest evaluated price.<sup>2</sup> RFTOP at 1, 69, 170.<sup>3</sup> The RFTOP solicited support services for the Foreign Military Sales Division (HBN) and the AWACS<sup>4</sup> International Branch (HBSI) under four functional areas: program management; financial management; “Non-Functionally Aligned” (NFA) support; and subject matter expertise/experts (SME). Id., Performance Work Statement (PWS), at 99-116. The RFTOP specified a fixed level of effort (LOE)--labor categories and hours--for each performance year and identified detailed qualifications, experience requirements, and performance locations for various labor “competencies” (essentially, categories). RFTOP at 105-16; PWS, App. 3, at 135-36. As relevant here, the solicitation identified 17 different categories of SMEs, and specified minimum qualifications applicable to all SMEs, as well as individual requirements for each SME category.<sup>5</sup> PWS at 109-16; Apps 2-3. Offerors were explicitly directed to review the PWS due to the specific requirements identified for each SME category. RFTOP at 1, 51.

The solicitation instructed offerors to submit separate technical and cost proposals. Id. at 51. As relevant here, offerors’ cost proposals were to propose a CPFF for program management, financial management, and SME support for each

---

<sup>1</sup> PASS (Professional Acquisition Support Services) contractors provide support services to foreign military sales activities at Hanscom Air Force Base and its associated units and operating locations overseas, among other things. Contracting Officer (CO) Statement at 1.

<sup>2</sup> The task order was predominately cost-plus-fixed-fee (CPFF), with some fixed-price requirements and reimbursable travel and other direct costs. RFTOP at 1. Although the solicitation uses the term “lowest evaluated price”, but contained both cost and price elements and required a cost realism analysis as discussed below, we use the term cost throughout our decision for ease of reference, except where the term price is applicable.

<sup>3</sup> The RFTOP, which was issued on February 18, 2015, was amended three times. Our references are to the conformed version of the RFTOP provided by the agency.

<sup>4</sup> That is, the Airborne Early Warning and Control Systems.

<sup>5</sup> For example, the “HBN SME 12” competency required general minimum qualifications, such as extensive experience in foreign military sales acquisitions, as well as category specific qualifications, such as speaking both English and Taiwanese. PWS at 113-14; App. 2 at 133-34.

performance year, using a cost workbook included with the solicitation. Id. at 55-57; Cost Workbook at 171-79. Offerors were to submit direct labor rates for each of the labor categories--as described in the RFTOP and appendix 3--and indirect costs such as fringe benefits, overhead, and general and administrative (G&A) expenses.<sup>6</sup> Id. Cost proposals were to include a narrative basis of estimate describing the offeror's rationale, estimating methodology, and historical basis for their proposed labor estimates for each performance requirement, as well as explain the offeror's inflation rate (i.e., escalation rate), and any assumptions or exceptions to the solicitation's cost/pricing requirements. See RFTOP at 54-56.

The RFTOP provided for a four-step evaluation process. First, proposals would be screened for compliance with solicitation requirements and ranked according to their proposed cost. Id. at 69. Second, the agency would evaluate technical proposals, beginning with the proposal with the lowest proposed cost, until two proposals were found technically acceptable. Id. Third, the cost/price of the two technically acceptable proposals would be evaluated for reasonableness and realism, and their total evaluated cost (TEC) would be determined by the sum of all CLINs for all performance periods. Id. at 69-71. The RFTOP stated that any cost element may be adjusted upwardly to realistic levels to determine an offeror's TEC, but that no downward adjustments would be made unless the agency sought clarifications or opened discussions with offerors.<sup>7</sup> Id. Fourth, the lowest TEC would be compared to the proposed costs of any proposals remaining under step one. Id. at 70. If the proposed costs of any remaining proposal was lower than the lowest TEC, then those remaining proposals would be evaluated for technical acceptability, and if found acceptable, then their cost proposals and TEC would be evaluated. Id. Finally, the task order would be issued to the offeror with the lowest TEC once no proposal remained with a proposed cost lower than that offeror. See id.

On March 12, the Air Force received proposals from nine of the ten PASS II contractors, including Odyssey and Quantech (which is one of two incumbent contractors for the current effort). See CO Statement at 6. All nine proposals were found compliant with the RFTOP requirements. Id.

---

<sup>6</sup> In addition to the CPFF rates, the workbook required offerors to propose: a firm fixed price (FFP) for NFA support (i.e., data analysis and administrative support); travel and other direct costs, which included a plug number for all offerors to use; and a FFP for the phase-in period. RFTOP at 55-56; Cost Workbook at 171-79. Offerors were to propose fully burdened labor rates under the FFP contract line items (CLINs). RFTOP at 56.

<sup>7</sup> Offerors were advised that a significant difference between their proposed costs and the government's estimate of most probable cost (GEMPC) may indicate that the offeror does not understand the requirement and may be grounds for eliminating a proposal due to performance risk. See RFTOP at 54, 71.

On July 13, the Air Force amended the solicitation to revise its projected performance dates to reflect a 1.5 month schedule shift (start date of August 18, not July 1, as stated in the original RFTOP), and to request the submission of updated cost workbooks (provided with the amendment) to coincide with the period of performance shift. RFTOP at 170. On July 15, the agency provided the following answers to questions received after the issuance of the amended solicitation:

[Question No. 1] Is it the government's expectation that the changes allowed within this submittal are restricted to just changing the period of performance pricing parameters (e.g. re-price from a 1 July 2015 - 31 July 2015 Transition period to a 18 Aug 2015 - 17 [Sept] 2015 Transition period)? Or are we allowed to make any/all changes to our pricing structure as we deem fit? If it's the latter, is it also the government's expectations that any changes to the pricing that also impact the Cost Narrative will also be expected to be resubmitted?

[Response No. 1] This amendment is for the sole purpose of administratively aligning the worksheet cost elements to coincide with the changed period of performance. Only a revised cost format workbook is to be submitted.

[Question No. 2] Is this an opportunity for offerors to submit a revised Volume II Cost?

[Response No. 2] No. See response to question 1.

Id., Question & Answer Nos. 1-2, at 192. Quantech and other offerors acknowledged receipt of the amendment, the updated cost workbook, and the questions and answers. See RFTOP at 188, 193. On July 20, all nine offerors submitted timely updated cost workbooks. See CO Statement at 6-7. The Air Force did not seek clarifications or conduct discussions with offerors.

Four proposals were found technically acceptable and their TEC's were evaluated as follows:

|                        |                             | <b>Odyssey</b> | <b>Offeror C</b> | <b>Quantech</b> | <b>Offeror B</b> |
|------------------------|-----------------------------|----------------|------------------|-----------------|------------------|
| <b>Cost/<br/>Price</b> | Initial Proposed            | \$27,781,963   | \$27,034,755     | \$28,645,482    | \$29,167,178     |
|                        | Final Proposed <sup>8</sup> | \$27,812,512   | \$27,034,755     | \$24,303,721    | \$29,164,645     |
|                        | Probable/TEC                | \$29,139,934   | \$29,252,531     | \$30,127,100    | \$31,398,016     |

AR, Tab 12, Source Selection Decision (SSD), at 3, 9, 13, 15, 18, 20.<sup>9</sup> Technical proposals were evaluated by a technical evaluation team (TET). Cost proposals were evaluated by a cost/price evaluation team (CPET) consisting of a cost analyst and a contract price analyst. See AR, Tab 6, Price Competition Mem., at 5; Tab 14, Cost Analyst Declaration.

The CPET evaluated the reasonableness of the offerors' prices and the realism of the offerors' costs.<sup>10</sup> With regard to the protester, the evaluators found that Quantech's direct labor rates "may not provide adequate compensation to prospective employees to perform at the skill level and experience level outlined in the PWS," and upwardly adjusted all but one of Quantech's direct labor rates to the agency's GEMPC. AR, Tab 7, CPET Report, at 8-9. The CPET also found that Quantech provided no rationale as to how it arrived at its final fringe benefit rate, and upwardly adjusted the fringe benefit rate to the rates proposed in Quantech's initial cost workbook, which the agency found realistic based upon information contained in Quantech's cost proposal.<sup>11</sup> Id. at 6-8. The CPET determined that the combined

<sup>8</sup> The Air Force ranked proposals (under evaluation step one) according to the offeror's final proposed cost, that is, the cost reflected in the offeror's updated cost/price worksheets submitted in response to the third RFTOP amendment. Agency Report (AR), Tab 7, Cost/Price Evaluation (CPET) Report, at 1.

<sup>9</sup> In accordance with the RFTOP's multi-step evaluation process described above, the Air Force did not evaluate the technical or cost proposals of the remaining five offerors, because their proposed costs were higher than the lowest TEC (Offeror C) at that step in the evaluation. See AR, Tab 12, SSD, at 5.

<sup>10</sup> The CPET found the evaluated offerors' prices reasonable based on a comparison of the proposed prices received in response to the RFTOP. AR, Tab 7, CPET Report, at 1.

<sup>11</sup> While the agency also found no support for Quantech's decrease in its overhead rate, the CPET determined that the decrease was insignificant and accepted the decreased rate. See CO Statement at 21. The CPET made no adjustments to Quantech's G&A rate. AR, Tab 7, CPET Report, at 5-8.

adjustments of approximately \$5.8 million or 31 percent--particularly the approximately \$3 million or 21 percent increase to Quantech's direct labor rates--indicated that Quantech did not understand the requirement. Id. at 9. The CPET concluded that Quantech's cost proposal was unrealistic and presented a high risk of cost overruns. Id.

With regard to Odyssey's cost proposal, the CPET made upward cost adjustments to 11 of the offeror's 21 proposed direct labor rates. Id. at 11-12. No adjustments were made to Odyssey's indirect labor rates. Id. at 12. The CPET determined that Odyssey's proposed costs, as adjusted, were realistic and reflected what the agency would expect to pay under the task order. AR, Tab 12, SSD, at 17.

The contracting officer, who was the source selection authority for this procurement, reviewed the technical and cost evaluations, and determined that Odyssey provided the technically acceptable, lowest evaluated cost proposal. AR, Tab 12, SSD, at 21. The Air Force issued the task order to Odyssey and this protest followed.<sup>12</sup>

## DISCUSSION

Quantech challenges the agency evaluation of its cost proposal. The protester contends that the agency's upward adjustments to its direct labor and indirect labor rates were unreasonable. The protester also argues that the agency unequally evaluated the proposals of Quantech and Odessey with regard to indirect rates. While we do not specifically discuss each of Quantech's various arguments, we have considered all of the protester's contentions and find none furnishes a basis to sustain the protest.<sup>13</sup>

When an agency evaluates a proposal for the award of a cost-reimbursement contract, an offeror's proposed estimated costs are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. FAR §§ 15.305(a)(1); 15.404-1(d); Palmetto GBA, LLC, B-298962, B-298962.2, Jan. 16, 2007, 2007 CPD ¶ 25 at 7. Consequently, the

---

<sup>12</sup> The value of the task order at issue exceeds \$10 million. Accordingly, this procurement is within our jurisdiction to hear protests related to the issuance of task orders under multiple-award IDIQ contracts. 10 U.S.C. § 2304c(e)(1)(B).

<sup>13</sup> For example, Quantech challenged the Air Force's cost realism adjustments of Quantech's direct labor rates for both project management support and SME support. With regard to the direct labor rates for PM support, we consider the protester's arguments abandoned, since the agency report provided a detailed response to the protester's assertions and Quantech did not reply to the agency's response in its comments. IntelliDyne, LLC, B-409107 et al., Jan. 16, 2014, 2014 CPD ¶ 34 at 3 n.3.

agency must perform a cost realism analysis to determine whether the estimated proposed cost elements are realistic for the work to be performed, reflect a clear understanding of the requirements, and are consistent with the unique methods of performance and materials described in the offeror's proposal. FAR § 15.404-1(d)(1); Advanced Commc'n Sys., Inc., B-283650 et al., Dec. 16, 1999, 2000 CPD ¶ 3 at 5. An offeror's proposed costs should be adjusted, when appropriate, based on the results of the cost realism analysis. FAR § 15.404-1(d)(2)(ii). Our review of an agency's cost realism evaluation is limited to determining whether the cost analysis is reasonably based and not arbitrary. Jacobs COGEMA, LLC, B-290125.2, B-290125.3, Dec. 18, 2002, 2003 CPD ¶ 16 at 26.

### Direct Labor Rate Adjustments

The RFTOP, as described above, set out labor categories with associated labor hours, and required offerors to submit their proposed costs in a cost workbook provided as an attachment to the solicitation. The solicitation stated that the agency's cost analysis would determine if the offerors' proposed rates were realistic for the work to be performed. As relevant here, the PWS set minimum qualifications for all SMEs, as well as individual requirements for each of the 17 SME labor categories.

In its cost proposal, Quantech proposed a composite labor rate for 16 of the 17 SME labor categories. In its initial cost workbook, Quantech submitted a SME rate of \$[DELETED]. AR, Tab 5, Quantech Initial Cost Workbook, at 25. After receipt of RFTOP amendment 3, Quantech revised its SME rate downward to \$[DELETED]. AR, Tab 5, Quantech Final Cost Workbook, at 7. Similarly, Quantech's initial cost workbook provided a fringe benefit rate of [DELETED] percent, while its final cost workbook reflected a revised rate of [DELETED] percent. AR, Tab 5, Quantech Initial Cost Workbook at 25; Final Cost Workbook at 7. However, as noted above (and discussed below), the solicitation, as amended, did not permit Quantech or any other offeror to revise its cost narrative.

Quantech contends that the Air Force mechanically adjusted Quantech's SME direct labor rates to GEMPC levels that, according to the protester, were flawed and unreasonably high compared to rates that the agency found realistic in previous PASS II task order competitions. In response, the Air Force maintains that its cost evaluations were reasonable and that it properly adjusted Quantech's proposed rates.

As an initial matter, and as discussed below, we find that the Air Force reasonably developed its GEMPC. We review challenges to government estimates for reasonableness. See Division Laundry and Cleaners, Inc., B-311242, May 19, 2008, 2008 CPD ¶ 97 at 3; OMNI Gov't Servs., LP, B-297240.2 et al., Mar. 22, 2006,

2006 CPD ¶ 56 at 3. A protester's mere disagreement with an agency's basis for developing an estimate, without more, provides no basis to sustain a protest. Id.

The Air Force developed its GEMPC for the SME labor rates based upon historical levels and past experience with procurements for foreign military sales efforts, as well as the specific SME requirements, including performance location. See AR, Tab 7, CPET Report, at 2-3. The record shows that the agency's cost evaluators calculated two SME levels for the HBN division (12 SME categories), and one level for the HBSI division (5 SME categories), based upon the solicitation's general SME requirements as well as the specific SME labor category requirements.<sup>14</sup> Id. at 3. Each SME category was further mapped to the first or second tier labor rate; unless the requirements warranted the higher skilled labor rate, the lower tier labor rate was used.<sup>15</sup> Id. The GEMPC rates were then calculated based on PASS I historical actuals, as reduced to account for the lowest-cost, technically acceptable award basis here.<sup>16</sup> Id. On this record, Quantech has not demonstrated that the agency's GEMPC was flawed or unreasonable, and the protester's disagreement provides no basis to sustain the protest.

We also find reasonable the Air Force's evaluation and cost adjustments to Quantech's SME direct labor rates. An agency is not required to conduct an in-depth cost analysis, see FAR § 15.404-1(c), or to verify each and every item in assessing cost realism; rather, the evaluation requires the exercise of informed judgment by the contracting agency. Cascade Gen., Inc., B-283872, Jan. 18, 2000, 2000 CPD ¶ 14 at 8. The methodology employed must be reasonably adequate and provide some measure of confidence that the rates proposed are reasonable and realistic in view of other cost information reasonably available to the agency as of the time of its evaluation. SGT, Inc., B-294722.4, July 28, 2005, 2005 CPD ¶ 151 at 7. There is no requirement that an agency follow any particular cost realism evaluation method, or evaluate offerors' proposed costs using every possible method of analysis. See id.; Cascade Gen., Inc., supra.

---

<sup>14</sup> As noted above, HBN refers to the Foreign Military Sales Division; HBSI refers to the AWACS International Branch. See PWS at 99.

<sup>15</sup> The higher tier rate was used for various specialized PWS requirements such as: recent experience (within the last 24 months) in both Iraq and Jordan, familiarity with both C3 and radar systems, and the ability to speak English and Taiwanese and live in Taiwan. AR, Tab 7, CPET Report, at 3.

<sup>16</sup> The PASS I IDIQ procurement was conducted on a best value tradeoff basis, however, as noted above, the task order competition here was conducted on a lowest cost, technically acceptable award basis. Thus, in establishing the GEMPC for direct labor rates, the cost evaluators discounted the PASS I historical rates because the agency expected offerors to propose more competitive rates here. AR, Tab 8a, Independent Government Cost Estimate, at 1.

Here, the Air Force's cost evaluators used the GEMPC (which, as discussed above, we find was reasonably developed) to evaluate the realism of an offeror's SME labor rates. Any proposed SME labor rate that was considered materially lower than the GEMPC rates and unsubstantiated, was determined unrealistic and upwardly adjusted. See AR, Tab 7, CPET Report, at 4. With respect to the protester, the CPET determined that Quantech's \$[DELETED] composite SME rate was materially lower than the GEMPC (which ranged from \$54.40-\$72.89) and adjusted the protester's rates upward to the GEMPC.

Agencies are given broad discretion in conducting cost realism evaluations and we have no basis to question the agency's conclusions here. See Burns & Roe Indus. Servs. Co., B-233561, Mar. 7, 1989, 89-1 CPD ¶ 250 at 2. The record supports the Air Force's determination that Quantech's composite SME rate did not account for the various category-specific performance and locations requirements of the PWS. The record also supports the agency's assessment that the protester's SME rates were inconsistent with its stated technical approach to pay the SMEs higher labor rates. Moreover, as the agency points out in its report, Quantech's proposed composite SME rate was much lower than what the protester contends is its average SME rates under its current PASS I contract (\$[DELETED]).<sup>17</sup> AR at 13-14, citing Protest at 16. Accordingly, we find the agency's adjustments, to Quantech's direct labor rates, unobjectionable.

#### Indirect rate adjustments

Quantech also challenges the Air Force's upward adjustment of its indirect labor rates, particularly its fringe benefit rate. The protester argues that it was unreasonable for the agency to "automatically assume" that, if Quantech's initial indirect rates were realistic, then its lower, revised rates were necessarily unrealistic. Protester's Comments at 5-6. In this respect, Quantech contends that the record is devoid of any analysis of why Quantech's reduced indirect and fringe rates (i.e., as reduced in its revised cost workbook) were found unrealistic. Quantech further alleges that the Air Force evaluated Quantech's and Odyssey's indirect rates disparately because the agency accepted Odyssey's proposed fringe benefit rates, which were [DELETED] than Quantech's rates, even though [DELETED]. Id. at 7-8.

---

<sup>17</sup> To the extent that Quantech contends that agency mechanically adjusted its proposed rates to GEMPC levels, our Office has held that an agency may reasonably adjust an offeror's proposed labor rates where the offeror (as here) fails to provide adequate detail to support its rates, and where the agency relies on reasonable sources of data to support its adjustments. See Science Applications Int'l Corp., Inc., B-408270, B-408270.2, Aug. 5, 2013, 2013 CPD ¶ 189 at 6-7.

The Air Force explains that Quantech's proposal was determined unrealistic not because of its final fringe rates, per se, but rather because its rate reduction was inconsistent with Quantech's cost narrative, including its rationales. The Air Force asserts that it amended the RFTOP (the third time) for administrative reasons to align the new performance dates, and it did not intend for offerors to materially revise their proposed cost elements.<sup>18</sup> The agency argues that it reasonably determined that Quantech's unsupported final fringe benefit rate was unrealistic and adjusted it upward to Quantech's initial fringe benefit rate, which the agency had concluded was realistic. The Air Force also disputes that it evaluated Quantech's and Odyssey's indirect rates unequally. The agency contends that, like Odyssey's rates, Quantech's initial rates were accepted without adjustment because they were supported by its cost narrative and determined to be realistic.

As an initial matter, Quantech's protest of its indirect rate cost adjustment is, in our view, premised on the protester's untimely objection that the RFTOP, as amended, failed to permit offerors the opportunity to submit new cost narratives with their updated cost workbooks. In this respect, Quantech asserts that the agency "was taking the risk that offerors would make changes to their cost workbooks that would implicate their cost narratives, but would not be able to provide a narrative explanation for the change." Protester's Comments at 5. Quantech also complains that, because 4 months had passed since offerors submitted their original proposals, "it should have come as no surprise to the Air Force that Quantech's indirect rate structure had changed." Id. at 4. Quantech maintains that had it been allowed to submit an updated cost narrative, it would have explained that its lower indirect rates reflected its current rate structure.

A protester may not continue to compete under what it views as an improperly amended solicitation, and then complain, after it was not selected for award, that the solicitation was improperly amended.<sup>19</sup> Magneco, Inc., B-235338, Sept. 1, 1989, 89-2 CPD ¶ 207 at 6; Designers and Planners, Inc., et al., B-221385 et al., May 15, 1986, 86-1 CPD ¶ 463 at 11 (protester's complaint that it was not allowed to revise its technical proposal in its best and final offer (BAFO) is untimely; to the extent protester considered the agency's BAFO request improper, the protester

---

<sup>18</sup> According to the agency, every offeror submitted revised cost workbooks that were almost entirely in line with their respective proposals and initial cost workbooks--except Quantech, which made "drastic" reductions in its proposed fringe benefit rate that were not supported by its cost proposal. See Supp. AR at 4-7; AR at 19.

<sup>19</sup> Our Bid Protest Regulations require that where alleged improprieties which did not exist in the initial solicitation are subsequently incorporated into the solicitation, they must be protested by the next closing time for receipt of proposals. 4 C.F.R. § 21.2(a)(1).

was required to raise this issue prior to the closing date for receipt of BAFOs); see RFTOP at 193, 197 (Quantech acknowledging receipt of RFTOP amendment 3 and questions and answers). Contrary to Quantech's assertion, it was the protester, not the agency, that took the risk when it chose to make significant adjustments to its indirect rates despite the agency's guidance to make only administrative changes in its final cost workbook to account for the 1.5 month period of performance shift.

Because an agency must base its evaluation upon information contained within the offeror's proposal, and because we will not consider Quantech's untimely assertions that it could have substantiated its rates had it been permitted to revise its cost narrative, we have no basis to question the agency's conclusion that Quantech's revised indirect rates were unsubstantiated and thus unrealistic. In any event, we find that the Air Force's adjustments to Quantech's indirect rates were reasonable. Here, the CPET analyzed an offeror's proposed indirect rates and cost narrative to determine whether the rates reflected the offeror's unique business model with regard to allowable and allocable indirect costs, and compared the indirect rates to the offeror's fiscal year 2015 provisional billing rates established by the Defense Contract Audit Agency (DCAA). While the agency concluded that Quantech's initial rates were realistic based upon information in its cost narrative, the agency determined that the protester's proposal provided "no rationale" to substantiate the dramatic reduction in its fringe benefit rate ([DELETED] percent to [DELETED] percent). AR, Tab 7, CPET Report, at 8. On this record, we find that the agency's adjustments were reasonable, and the agency acted within its discretion in deciding to use Quantech's initial rate, rather than the unsupported final proposed fringe benefit rate.<sup>20</sup> See CSI, Inc.; Visual Awareness Techs. and Consulting, Inc., B-407332.5, et al., Jan. 12, 2015, 2015 CPD ¶ 35; Science Applications Int'l Corp., Inc., supra.

The protest is denied.

Susan A. Poling  
General Counsel

---

<sup>20</sup> We also find no merit to Quantech's claim that the Air Force evaluated Quantech's and Odyssey's indirect rates unequally. The difference in the cost realism evaluation of Quantech's and Odyssey's proposals here was not the result of unequal treatment by the agency, but instead, resulted from the agency's recognition of differences with respect to the offerors' support of their proposed rates.