



Comptroller General  
of the United States

Washington, D.C. 20548

REDACTED VERSION

## Decision

**Matter of:** Versar, Inc.  
**File:** B-254464.3  
**Date:** February 16, 1994

Charles A. Patrizia, Esq., William D. DeGrandis, Esq., and John M. Oseth, Esq., Paul, Hastings, Janofsky & Walker, for the protester.  
Richard J. Conway, Esq., and Merle M. DeLancey, Esq., Dickstein, Shapiro & Morin, for BDM Federal, Inc., an interested party.  
Christopher T. Smith, Esq., Department of Energy, for the agency.  
Henry J. Gorczycki, Esq., and James A. Spangenberg, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

### DIGEST

Agency's probable cost analysis was not reasonable because it credited the awardee with its major subcontractor's proposed "free" uncompensated overtime, even though the contract did not require the awardee to provide the benefit of this overtime to the government.

### DECISION

Versar, Inc. protests an award to BDM Federal, Inc. under request for proposals (RFP) No. DE-RP01-92EW30012, issued by the Department of Energy (DOE) for technical support services for the Office of Waste Management, EM-30. Versar protests that DOE failed to properly evaluate proposals or conduct meaningful discussions.

We sustain the protest in part because DOE unreasonably failed to account for the proposed uncompensated overtime of BDM's major subcontractor proposal in the probable cost

The decision issued February 16, 1994, contained proprietary information and was subject to a General Accounting Office protective order. This version of the decision has been redacted. Deletions in text are indicated by "[DELETED]."

analysis of BDM's proposal. The remainder of Versar's protest is denied.

DOE issued the RFP on April 22, 1992, contemplating the award of a cost-plus-fixed-fee, level of effort contract for 3 years with an option for 2 additional years. The RFP provided for source selection on a best value basis as follows:

"The Technical Proposal is significantly more important than the Business/Management Proposal. The Technical and Business/Management Proposals are each of greater importance than the Cost Proposal. However, if, after evaluation of the Technical, Business/Management and Cost Proposals, two or more competing overall proposals are within the competitive range, evaluated probable cost to the Government may be the deciding factor for selection, depending on whether the most acceptable overall proposal (excluding cost consideration) is determined to be worth the cost differential, if any."

The technical support services solicited under the RFP require highly technical and/or scientific professionals, as well as administrative specialists and support personnel. The RFP stated that the contractor would provide an estimated level of effort totalling 1,085,377 direct productive labor hours (DPLH) for the base period, and 906,618 DPLH for the option term. The RFP further stated that key personnel "will be dedicated to the project for 100 percent of the time from award of the contract" and that non-key personnel will be full-time equivalent (FTE).<sup>1</sup> The RFP, as amended, contained the contract clause at section H.035, entitled "Uncompensated Overtime," which permitted, but did not require, offerors to propose the use of uncompensated overtime.<sup>2</sup>

Five offerors submitted proposals by the due date of June 8, 1992. DOE determined that three proposals were in the competitive range, including those of Versar and BDM. BDM's proposal included a major subcontractor, Science Applications International Corporation (SAIC). DOE conducted discussions and requested best and final offers

---

<sup>1</sup>The RFP defined FTE as working 1,860 DPLH, which is the same number of DPLH per year that key personnel would work.

<sup>2</sup>The RFP defined uncompensated overtime as "[t]he hours worked in excess of the standard 40 hour work week by employees who are exempt from the Fair Labor Standards Act . . . without additional compensation."

(BAFO) by December 21, 1992. On April 21, 1993, DOE reopened discussions on cost proposals and issues concerning the forms used in submitting offers. Following these discussions, DOE again requested BAFOs, which it received from the competitive range offerors by May 26, 1993.

The Source Evaluation Board (SEB) rated technical and business/management proposals on a total scale of 1,000 points. BDM was given the highest rating of 897 points followed by Versar, which received 808 points. Versar's evaluated probable cost of \$118.3 million was slightly lower than BDM's evaluated probable cost of \$118.5 million. The third offeror had the lowest evaluated probable cost, but a significantly lower score for its technical and business/management proposals. The Source Selection Official (SSO) determined that the technical and business/management superiority of BDM, as compared to Versar, was sufficiently significant to outweigh the slight difference in evaluated probable cost and therefore selected BDM for award. This protest followed.<sup>1</sup>

#### IMPACT OF SAIC'S UNCOMPENSATED OVERTIME ON PROBABLE COST

Versar protests that, in determining the probable cost of BDM's proposal, DOE did not properly account for the additional costs to the government beyond those reflected in the proposal that may be associated with the particular way uncompensated overtime was proposed by SAIC for its personnel. Versar calculates that this results in an understatement of BDM's probable cost of approximately \$[DELETED]. We agree.

Where, as here, an agency evaluates proposals for the award of a cost reimbursement contract, an offeror's proposed estimated costs of contract performance are not dispositive because, regardless of the costs proposed, the government is bound to pay the contractor its actual and allowable costs. Federal Acquisition Regulation (FAR) § 15.605(d); Amtec Corp., B-240647, Dec. 12, 1990, 90-2 CPD ¶ 482. Consequently, a cost realism analysis must be performed by the agency to determine the extent to which an offeror's proposed costs represent what the contract should cost, assuming reasonable economy and efficiency. CACI, Inc.--

---

<sup>1</sup>DOE received notice of Versar's initial filing of this protest within 10 calendar days of the award to BDM and DOE stayed performance on the award in accordance with the Competition in Contracting Act of 1984 (CICA), 31 U.S.C. § 3553(d)(1) (1988). On October 21, 1993, DOE determined that it was in the best interest of the government to continue contract performance and authorized contract performance in accordance with CICA, 31 U.S.C. § 3553(d)(2).

Fed., 64 Comp. Gen. 71 (1984), 84-2 CPD ¶ 542. Because the contracting agency is in the best position to make this cost realism determination, our review is limited to determining whether the agency's cost realism analysis is reasonably based and not arbitrary. General Research Corp., 70 Comp. Gen. 279 (1991), 91-1 CPD ¶ 183, aff'd, American Mgmt. Sys., Inc.; Dept. of the Army--Recon., 70 Comp. Gen. 510 (1991), 91-1 CPD ¶ 492.

BDM's proposal was the only one which offered to provide uncompensated overtime as part of its labor hours. Under BDM's proposal, a large percentage of the total required DPLH were to be supplied by its major subcontractor, SAIC. SAIC proposed the use of uncompensated overtime to satisfy part of its share of the total DPLH required by the RFP. Under SAIC's proposal, the uncompensated overtime was essentially equal to [DELETED] percent of the proposed compensated time. That is, for a position requiring 1,860 DPLH for each year of the contract, SAIC proposed [DELETED] compensated hours and proposed, at no charge, [DELETED] hours of uncompensated overtime. The labor rates proposed by SAIC were based on the proposed compensated time only and did not account for the uncompensated overtime.

Under the contract awarded under this RFP, where an offeror proposed providing uncompensated overtime in performing the contract, section H.035 stipulates the following:

"The [c]ontractor proposed direct labor hourly rates based upon the use of uncompensated overtime. This contract has been evaluated and awarded based on direct labor hourly rates derived from uncompensated overtime. The use of uncompensated overtime requires the development of uncompensated overtime rates and allocation of labor cost based on these rates during an accounting period."

Similarly, section L.050 of the RFP, "Identification of Uncompensated Overtime," provides for offerors to propose uncompensated overtime rates and for DOE to evaluate the proposals based on these rates.

SAIC's direct labor hourly rates did not reflect SAIC's uncompensated overtime as the RFP contemplated. Nor did DOE evaluate or award the contract based on direct hourly rates derived from SAIC's proposed uncompensated overtime. Rather, SAIC proposed labor rates based on the compensated hours proposed without allocating costs over the proposed

uncompensated overtime.' However, SAIC employees must work 40 hours of compensated time each week before they can provide uncompensated overtime hours;' and consistent with the RFP, SAIC proposes its (DELETED) on this contract. On this basis, SAIC personnel would have to provide compensated time amounting to the total DPLH proposed by SAIC throughout the term of the contract in order for SAIC to be able to provide the proposed uncompensated overtime--these additional compensated labor hours were not included in SAIC's proposed cost.' Indeed, under SAIC's approach, the

---

'Presuming that the same number of DPLH will be provided by the contractor, although the labor rates under the two costing methods would differ, the total cost under either method would be the same from a strictly mathematical viewpoint. For example, assume for illustrative purposes that the required DPLH for 1 week is 40 hours. SAIC's method was to propose [deleted] hours of compensated time, which it would bill at its labor rate for compensated time, and to propose [deleted] hours of uncompensated overtime, which it would provide without charge. Assume for this example that SAIC's rate for compensated time is \$100 per hour. The RFP required SAIC to allocate the total estimated labor cost of \${deleted} ([deleted] hours X \$100 per hour) over the total required DPLH, which would yield a labor rate of \${deleted} per hour (\${deleted}/40 hours). If the estimated DPLH of 40 hours stated in the RFP is the actual amount of DPLH ultimately provided under the contract, and SAIC bills for only [deleted] hours at the compensated time (i.e., unallocated) rate, then the total labor cost is the same using either method (\$100 X [deleted] hours = \${deleted} X 40 hours).

<sup>5</sup>Both the RFP's definition of uncompensated overtime and [deleted] provide that exempt employees must work 40 compensated hours in any week (or 80 hours in any 2-week pay period) before they can work uncompensated overtime in that period.

<sup>6</sup>Thus, using the example from footnote 4, infra, although SAIC proposed providing the 40 DPLH by providing [deleted] hours of compensated time and [deleted] hours of uncompensated overtime, SAIC likely would have to work 40 hours of compensated time on the contract before it could provide the [deleted] hours of uncompensated overtime. Under such circumstances, SAIC would have to provide 40 hours of compensated time at its proposed unallocated rate before it could provide the proposed [deleted] hours of uncompensated overtime without charge. The resulting total cost of SAIC's labor is \$4,000 ((40 hours X \$100) + ([deleted] hours X \$0)) instead of the proposed total cost of \${deleted}. Had SAIC proposed to limit its cost of

firm may reach the required DPLH by the proposed personnel working full-time, 40-hour weeks (i.e., compensated time only) on this contract, as was [DELETED], throughout the course of each year, regardless of whether they work any uncompensated overtime as well. Despite the concerns caused by SAIC's particular proposal of uncompensated overtime and the recognition of this problem by the agency, no provision was made in the contract to provide for the government to receive the benefit of the "free" uncompensated overtime as proposed by SAIC.

In other words, it was unreasonable for DOE to credit BDM/SAIC for the uncompensated overtime proposed by SAIC where DOE could not contractually require SAIC to provide the benefit of the proposed uncompensated overtime as "free" DPLH. In this regard, since SAIC employees have to work 40 hours of compensated time each week before they can work uncompensated overtime, SAIC would actually have to bill DOE for compensated time equal to the total required DPLH of 1,860 hours per FTE employee, presuming that these employees were working on contract work, regardless of the amount of uncompensated overtime these employees may also work. This seems likely because SAIC has to account for [DELETED] hours of compensated hours per year for each FTE employee in addition to the [DELETED] compensated hours reflected in its cost proposal before the "free" uncompensated overtime can be provided under the contract. And, these additional compensated hours must be regularly spread throughout the year since uncompensated overtime can only be worked after 40 hours (80 hours) of compensated time have been worked in a week (2-week period). Since SAIC's proposal states that its employees are supposed to work [DELETED] on this contract, DOE will likely have to pay compensated time for 1,860 DPLH per year for each employee with or without receiving the proposed "free" uncompensated overtime hours. The proposed SAIC employees could work [DELETED]-hour weeks on the contract, but the required DPLH would then be exhausted prior to completion of the contract. This would mean that the cost of the necessary DPLH to complete the contract would increase the cost of BDM/SAIC's proposal.

DOE foresaw this problem in evaluating the BDM/SAIC proposal and essentially requested SAIC to propose labor rates which allocated total labor cost over all hours, including

---

labor based on the total labor cost being allocated over uncompensated overtime, DOE would have received the benefit of the proposed uncompensated overtime, regardless of whether the proposed uncompensated overtime hours are actually provided.

uncompensated overtime as contemplated by the RFP. SAIC declined to do so. Nevertheless, DOE accepted SAIC's proposed uncompensated overtime without accounting for the consequent additional labor costs that may result.

Throughout the course of this protest, DOE and BDM asserted that SAIC employees do not have to work full-time on the EM-30 contract and thus can work for other clients or for non-billable hours each week in order to accumulate the total of 40 hours per week of compensated time that is a prerequisite to providing uncompensated overtime.<sup>3</sup> However, these assertions are not consistent with SAIC's proposal, nor can they be enforced in the contract.

The proposed charging of compensated time to other cost bases to assure the government obtains the "free" overtime is not explained in SAIC's proposal, and is inconsistent with SAIC's proposal of [DELETED] and [DELETED]--who account for approximately [DELETED] percent of its proposed labor force--to work on this contract [DELETED]. In order for DOE to reap the complete benefits of SAIC's "free" uncompensated overtime, each SAIC employee would have to regularly work [DELETED] hours, or over [DELETED] full 40-hour weeks spread out over a year for other clients or for other SAIC projects. While it may be that the government will receive some of the "free" uncompensated time in the required DPLH by virtue of SAIC's charging of compensated time to other projects, the allocation to other projects of over [DELETED] worth of compensated time for each FTE employee per year is not a reasonable application of SAIC's proposal that it would provide a largely [DELETED] labor force, who would work on the EM-30 contract [DELETED].<sup>3</sup> In any case, SAIC could not be required to provide the government with the benefit of the uncompensated overtime unless its employees worked 40-hour weeks of compensated time. As noted above, SAIC declined to agree to allocate its uncompensated overtime into its labor rates and did not limit the compensated hours per employee that it would charge the EM-30 contract. Thus, it was not reasonable for the agency

---

<sup>1</sup>DOE estimated during its evaluation of proposals that the cost of BDM/SAIC's proposal may increase by \$(deleted) due to this uncompensated overtime issue.

<sup>2</sup>BDM does not argue that SAIC will provide less personnel to work more hours to assure that the government receives the benefit of the "free" uncompensated overtime. Nor do DOE and BDM argue that SAIC will charge the government at other than rates reflected in its proposal--rates which do not account for uncompensated overtime.

<sup>3</sup>[deleted]

to accept SAIC's uncompensated overtime without assuring that it would receive the cost benefits of the overtime within the DPLH proposed.

DOE also asserts that it reasonably relied on the Defense Contract Audit Agency (DCAA) audit findings in concluding that DOE would realize the benefit of SAIC's proposed uncompensated overtime. In making this conclusion, DOE states that it relied on DCAA's overall audit recommendation that the proposal was "acceptable as a basis for negotiation of a fair and reasonable price," and on DCAA's specific review of SAIC's proposed uncompensated overtime in which DCAA stated:

"[DELETED]. Its cost accounting system is adequate to record these hours without affecting the billing process. . . . The subcontractor's policy/procedure number [DELETED] . . . summarizes SAIC's policy regarding the accounting for uncompensated time and describes when uncompensated hours must be recorded and how the accounting systems allocates labor costs. We take no exception to . . . SAIC's [DELETED] policy/procedure regarding Accounting for Uncompensated Time."

DCAA's review of the proposed uncompensated overtime was limited to reviewing for acceptability SAIC's official policy on accounting for uncompensated overtime (policy/procedure [DELETED]) and comparing the total labor costs proposed by SAIC against total labor costs calculated by allocating labor costs over uncompensated overtime hours.<sup>10</sup> While DCAA found SAIC's official accounting policy/procedure [DELETED] acceptable and adequate for recording uncompensated overtime hours worked, DCAA did not find that the method used by SAIC to propose uncompensated overtime was consistent with SAIC's policy/procedure [DELETED]. In fact, SAIC's proposed use of uncompensated overtime on this contract was not consistent with policy/procedure [DELETED].

When DCAA submitted its audit specifically comparing total labor costs calculated using the different methods, it provided the following qualification:

"It should be noted that the amounts presented in the Exhibits and Schedules are solely for the convenience of the procurement activity in developing its negotiation objective. They represent only the arithmetic difference between

---

<sup>10</sup>See footnote 4, infra.

the amounts proposed and the sum of the related questioned costs. They are not to be considered audit-adjusted or recommended amounts."

The DCAA auditor discussed SAIC's method of proposing uncompensated overtime with the DOE cost advisor. DOE's record of this conversation is as follows:

"[The DOE cost advisor] asked [the DCAA auditor] about the method used to develop proposed . . . labor costs . . . [The DCAA auditor] said that SAIC had incorrectly developed costs and that they should have adjusted labor rates for uncompensated overtime instead of pricing only [DELETED] [percent] of required hours. In her report, [the DCAA auditor] will present two schedules, one showing the [DELETED] [percent] priced hours as SAIC proposed and the other pricing 100 [percent] of required hours. [The DOE cost advisor] asked if SAIC had proposed [two week] pay periods in excess of 80 hours in the past. [The DCAA auditor] said yes, but that if they propose that way, it is very important to include a contract clause requiring SAIC to provide the benefit of reduced uncompensated overtime rates to the Government" [emphasis in original].

However, SAIC refused to limit its labor costs based on allocated rates and DOE did not impose such a requirement. Under the circumstances, the DCAA audit report does not support DOE's determination that it would receive the benefit of SAIC's proposed uncompensated overtime.<sup>11</sup>

DOE also alleges that it can ensure that the agency receives the benefit of SAIC's proposed uncompensated overtime without incurring additional labor costs, or without SAIC exhausting the required DPLH prior to completion of the contract, through diligent contract administration. Considering the terms of the RFP and SAIC's proposal, and

---

<sup>11</sup>We note that even if the DCAA audit had supported SAIC's method of proposing uncompensated overtime, DOE could not reasonably have relied on the audit for this purpose because it had reason to doubt that SAIC would be able to provide the proposed uncompensated overtime at the proposed total labor cost. While agencies may ordinarily rely on the advice of DCAA when performing a cost realism analysis, see NEK Eng'g Inc.; Stanley Assocs., B-232143; B-232143.2, Nov. 21, 1988, 88-2 CPD ¶ 497, an agency cannot blindly rely upon such advice where there is reason to doubt the validity of the information. General Research Corp., supra.

absent an implementing contract provision, DOE would have no authority to control this aspect of the contract and that the agency should have at least accounted for SAIC's proposed use of uncompensated overtime in calculating BDM/SAIC's proposal's probable cost." Compare QuesTech, Inc., B-255095, Feb. 7, 1994, 94-1 CPD ¶ 82 (where the agency included in contract award to SAIC a clause ensuring that the government obtained the benefit of proposed uncompensated overtime).

By Versar's calculations, BDM's probable costs should be approximately \$(DELETED) higher. With additional costs at this amount taken into account, Versar's proposal would be about \$(DELETED) lower than BDM's proposal, which might affect the source selection. See Tennessee Wholesale Drug Co., Inc., B-243018 et al., June 28, 1991, 91-2 CPD ¶ 9. We sustain Versar's protest on this basis.

OTHER ISSUES

Versar raises a number of other protest bases challenging DOE's evaluation of proposals and the adequacy of discussions. We have carefully reviewed all of these contentions and find none that provide an additional basis for disturbing the award. We briefly discuss these matters below.

Versar alleges that DOE failed to properly evaluate changes related to staffing made in BDM/SAIC's proposal in either the technical or cost evaluations. BDM proposed in its BAFO a greater reliance on (DELETED), as a subcontractor and SAIC proposed a revised mix of (DELETED) personnel. Versar essentially alleges that BDM/SAIC's revisions will result in less experienced staff being proposed, yet DOE did not downgrade BDM/SAIC's proposal accordingly.

The record shows that these changes were made to revise the costs associated with providing the proposed employees by (DELETED); the employees proposed were not changed, (DELETED). DOE reviewed this change and, based on our review, reasonably concluded that the BDM/SAIC technical evaluation did not need to be changed as these firms had not changed the employees which they originally proposed and which DOE had previously evaluated. Moreover, our review

---

<sup>12</sup>DOE also alleges that, as a matter of contract administration, this issue is outside the jurisdiction of our Office under our Bid Protest Regulations, 4 C.F.R. § 21.3(m)(1) (1993). However, this is not an issue of contract administration, but rather an issue concerning the reasonableness of the agency's cost realism analysis performed prior to the award of any contract.

discloses no discrepancies in BDM/SAIC's cost proposals with regard to [DELETED] that was not accounted for in DOE's probable cost analysis.<sup>13</sup>

Versar also alleges that DOE did not conduct meaningful discussions with Versar and/or applied unstated requirements in evaluating the proposals with regard to the RFP evaluation criteria providing for the evaluation of the extent to which offerors identify and analyze challenges facing the EM-30 program, the extent to which offerors demonstrate their understanding of the statement of work (SOW), and the corporate experience and performance in work similar to that required in the SOW.

From our review, we conclude that DOE conducted meaningful discussions with Versar since it led Versar during discussions into all areas of its proposal which, although acceptable, could have been improved. See FAR § 15.610(c); TS Group, B-249217.2, Nov. 24, 1992, 92-2 CPD ¶ 371. Also, we find that the areas in which DOE evaluated proposals were clearly identified in the RFP and were reasonably related to, or encompassed by, the stated evaluation criteria. See TAMS/Fluor Daniel, B-251068; B-251068.2, Mar. 2, 1993, 93-1 CPD ¶ 199.

The following example concerning the identification of program challenges illustrates our conclusions regarding the alleged lack of meaningful discussions and/or application of unstated evaluation criteria. Evaluation criterion 2(a) stated:

"The extent to which the offeror identifies and analyzes challenges facing the Office of Waste Management in areas such as health, safety, the environment, regulatory compliance, quality assurance, and other programmatic issues and recommends feasible approaches to resolving these challenges will be evaluated. . . ."

---

<sup>13</sup>Versar speculates that BDM and SAIC may not [deleted] as proposed, but rather will bill services provided at the higher costs proposed before the revisions. Versar's argument assumes that BDM and/or SAIC will perform the contract in bad faith and that the government will not monitor the contract costs; Versar's speculation on this issue is not a sufficient basis to support a protest. See Delta Research Assocs., Inc., B-254006.2, Nov. 22, 1993, 94-1 CPD ¶ 47; Robocom Sys., Inc., B-244974, Dec. 4, 1991, 91-2 CPD ¶ 513.

Section L of the RFP also provided proposal preparation instructions stating that "[t]here are various programmatic challenges facing" EM-30 and instructed the offeror to define the "specific program challenges and recommend approaches to resolving these challenges." These instructions also referred the offeror to attachment Nos. 7 and 8 of the RFP which identified background information pertinent to the identification of program challenges, as well as the program mission statement.

DOE had identified the program challenges itself and compared its list to evaluate the extent to which offerors identified these challenges. Versar's proposal identified many, but not all, of these challenges. During discussions, DOE asked Versar to discuss additional challenges. Versar's BAFO still did not identify all of the challenges facing EM-30 and DOE did not give Versar the total possible points for this criterion, although no other offeror received a higher score than Versar on this criterion.

DOE thus clearly stated the basis for evaluation because the RFP expressly provided that offerors would have to identify challenges and referred offerors to the information which they could use to identify the challenges. DOE conducted adequate and meaningful discussions because it told Versar to discuss additional challenges, which Versar reasonably should have realized meant that its proposal had not identified all of the challenges. Versar's assertion that DOE should have identified the challenges for Versar is unreasonable and would defeat the purpose of the criterion to have offerors identify the challenges so as to assess their understanding. See Syscon Servs., Inc., 68 Comp. Gen. 698 (1989), 89-2 CPD ¶ 258; Technology Applications, Inc., B-238259, May 4, 1990, 90-1 CPD ¶ 454.

Versar also alleges that BDM/SAIC received an unfair advantage in the evaluation process attributable to its incumbency. For example, Versar alleges that, as the incumbent contractor, BDM would have an advantage in identifying the challenges to the EM-30 program because it has firsthand knowledge of the program and an intimate understanding of DOE's perspectives on the program. However, an offeror's competitive advantage gained through incumbency is generally not an unfair advantage that must be eliminated. Sabreliner Corp., B-242023; B-242023.2, Mar. 25, 1991, 91-1 CPD ¶ 326. Our review disclosed no unfair advantage residing in the incumbent. In this regard, we note that incumbent contractors with good performance records can offer real advantages to the government, and proposal strengths flowing from a firm's prior experience may properly be considered by an agency in proposal evaluation. Id.; Benchmark Sec., Inc., B-247655.2, Feb. 4, 1993, 93-1 CPD ¶ 133.

Versar finally alleges that DOE did not adequately assess the risk of organizational conflicts of interest (OCI) in BDM/SAIC's proposal. The record shows that DOE was aware of potential OCIs for all offerors, including BDM/SAIC. DOE evaluated BDM/SAIC's OCI avoidance plans and found them to be comprehensive and sufficient to address any risk of OCIs. Furthermore, BDM/SAIC was successfully implementing a similar OCI avoidance plan as the incumbent contractor, thus DOE had no reason to doubt that BDM/SAIC would successfully administer the proposed plan. Accordingly, the record does not support Versar's allegations. See Meridian Corp., B-246330.4, Sept. 7, 1993, 93-2 CPD ¶ 129.

In sum, Versar's remaining protest grounds are denied.

#### RECOMMENDATION

We recommend that DOE revise its cost realism analysis of BDM's proposal to account for the increased labor costs arising from SAIC's method of proposing uncompensated overtime. DOE should then make a new source selection decision based on the revised cost realism analysis and, if necessary, include an appropriate clause in the contract to assure that it receives the benefit of the uncompensated overtime. If an offeror other than BDM offers the best value to the government based on the stated source selection plan, DOE should terminate the award to BDM and award accordingly. We also find that Versar is entitled to recover the reasonable costs of filing and pursuing the protest, including attorneys' fees. 4 C.F.R. § 21.6(d)(1). The protester should submit its certified claim for protest costs directly to the agency within 60 days of receiving this decision. 4 C.F.R. § 21.6(f)(1).

The protest is sustained in part and denied in part.

Comptroller General  
of the United States