

CLIENT ALERT

Price Realism Requirement Must Be Stated to Allow Unacceptability Finding

November 25, 2015

In *W.P. Tax & Accounting Group* (Nov. 13, 2015), GAO reminded agencies that, in fixed-price procurements, below-cost pricing is not inherently improper and cannot serve as the basis for a technical unacceptability finding when the solicitation does not provide for a price realism evaluation. Because the solicitation in *W.P.* said nothing about a price realism evaluation, GAO overturned the agency's rejection of the low-priced vendor's quotation as technically unacceptable and recommended that the agency either reevaluate the vendor's quotation against the stated evaluation criteria or amend the solicitation to provide for a price realism evaluation.

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