

Equitable adjustment settlement helps reduce litigation risk

Client's challenge

A company won a contract with the US government to take over the management of a privatized Navy base. The price quoted in the bid was based on specifications provided by the government, but when the company arrived on site, it found that the data provided to operate the base was obsolete and did not reflect the actual base conditions, which were well below contract standards. To recoup the additional costs needed to run the base, the company enlisted the help of PricewaterhouseCoopers (PwC) to prepare a request for equitable adjustment for out-of-scope work, bad data, and costs.

PricewaterhouseCoopers' Advisory solution

PwC assembled a team of government contract professionals to measure the cost of the out-of-scope work. Using forensic techniques, PwC applied a focused methodology capable of targeting key records early in the investigation and deciphering transactional data more quickly and thoroughly than using traditional methods.

As a result of the information uncovered during the forensic analysis, PwC identified that our client should be eligible for \$25 million in costs that they incurred to bring the Navy base back to working condition. PwC assisted our client in preparing an equitable adjustment claim for these costs.

The price under dispute was for a portion of the first year of a multi-year contract. Based on the findings, PwC also recommended that the client renegotiate the remaining base year and the four option years using the data that was compiled to support the claim.

Impact on client's business

Our client settled their equitable adjustment claim with the Navy for \$19.5 million. Additionally, they renegotiated the remaining base year and the option years for an additional \$55 million. In total, the company was able to reprice the entire five years of the contract for an additional \$74.5 million.

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