



DEPARTMENT OF THE NAVY
NAVSUP FLEET LOGISTICS CENTER NORFOLK
700 ROBBINS AVE, BLDG 2B
PHILADELPHIA, PA 19111-5083

IN REPLY REFER TO
LSJ# 16-032

Justification for an Exception to Fair Opportunity (above SAT)

1. IDENTIFICATION OF AGENCY AND CONTRACTING ACTIVITY: This is a Limited Source Justification for an Exception to Fair Opportunity. The requiring activity is the Navy Office of Financial Operations (FMO); the contracting activity is NAVSUP Fleet Logistics Center Norfolk (FLCNORVA), Contracting Department, Philadelphia Office.

2. NATURE/DESCRIPTION OF CONTRACT ACTION: This acquisition is conducted under the authority of 10 U.S.C. 2304a through 2304d. This is a limited source action to be awarded as a new task order to the large business identified in paragraph 3 below. The placement of a cost-plus-fixed fee order is anticipated.

3. DESCRIPTION OF REQUIRED SUPPLIES/SERVICES: The proposed acquisition is to establish a new task order with KPMG LLP (KPMG) to have them provide continued Financial Improvement and Audit Readiness (FIAR) support under their existing multiple award contract for an interim period until new follow-on competitive set of MAC contracts is awarded and performance can begin under one or more competed follow-on task orders. The support under this interim task order is needed to provide continued audit readiness support, as well as to continue to support the aggressive Statement of Budgetary Activities (SBA) timelines required to meet accelerated Audit Readiness timeline as directed by the Office of the Secretary of Defense (OSD). Specifically, the contractor, KPMG, will support audit readiness efforts by providing:

- a. Audit Evaluation, Prioritization and Review (EPR) Program, 2nd Level Review ART I Support as well as NFR Support Team activities
- b. Audit Response Center & Regional support
- c. Financial Data Availability & Analysis and Transaction Universe support
- d. PA&R support by creating, collecting, and reporting FMO metrics
- e. General Fund readiness support
- f. Financial Data Quality Management and Analytics and Data Reconciliation
- g. FISCAM/NIST Risk Management Framework (RMF) supplemental guidance and FM Overlay Validation Procedures
- h. FMP Policy support
- i. FIAR Operations support to FMO
- j. FMP special projects, i.e., DFAS Metrics
- k. DON/AA FIAR Services
- l. NAVAIR Working Capital Fund FIAR Services

This proposed task order will support FMO and Command work streams throughout the DON. The Commands to be serviced by this task order include the following: NAVSUP, NAVAIR, BUMED, BUPERS, CNIC, DON/AA, FSA, NSMA, NIA, ONR and SSP.

The task order will have a one-year period of performance. The estimated level of effort is 208,160 hours and has been tailored to accommodate the specific work streams that KPMG has uniquely supported at an estimated value of [REDACTED] inclusive of estimated Travel and ODCs. Services under this interim task order will commence on 1 April 2016 and continue through 31 March 2017. This action is a logical follow-on to the efforts currently being conducted under the following task orders where all of the MAC awardees were given a fair opportunity to be considered for either the orders named or their predecessor orders under the same contract.

These orders are 2011 (fair opportunity), 2012 (fair opportunity), 2013 (fair opportunity), 2014 (fair opportunity) and 2016 (first logical follow-on).

4. IDENTIFICATION OF THE JUSTIFICATION RATIONALE AND/OR DEMONSTRATION OF CONTRACTOR'S UNIQUE QUALIFICATIONS: The statutory authority which permits not providing each awardee a fair opportunity to be considered for each order exceeding \$3,000 issued under a multiple award contract is 10 U.S.C. 2304c, as implemented by FAR 16.505(b)(2). The more specific statutory authority is 10 U.S.C. 2304c(b)(3), as implemented by FAR 16.505(b)(2)(i)(C), the order must be issued on a sole-source basis in the interest of economy and efficiency because it is a logical follow-on to orders already issued under the contract, provided that all awardees were given a fair opportunity to be considered for the original orders.

The Navy is currently undergoing a Statement of Budgetary Activities (SBA) audit engagement initiated with the FY 2015 SBA, and subsequent assertions to include full financial statements in FY 2017 with the audit of those statements commencing in FY 2018. These goals and objectives are in direct response to the Congressional mandates to achieve audit readiness across the Department of Defense as well as the Department of the Navy. The current SBA audit engagement will transition into the Statement of Budgetary Resources (SBR) and full financial statement audit consistent with OMB Bulletin No. 14-02, as amended, "Audit Requirements for Federal Financial Statements". These audit engagements will be conducted by the Department of Defense, Office of the Inspector General (OIG) or an Independent Public Accounting (IPA) firm, at the discretion of the OIG. The size and complexity of the Navy will require substantial audit support covering a broad range of business processes, financial systems and sub-systems as well as multiple services providers. Since the period between now and 31 March 2017 will involve critical audit milestones, including the current SBA, it is essential that the existing work streams that were either started or continued under the named task orders above continue without interruption in order to continue to meet those milestones.

With regard to the types of work, the commands/activities supported, and the task orders detailed in paragraph 3 above, KPMG is in the process of performing these efforts and therefore has gained in-depth knowledge of the Navy's processes and procedures in these areas that could not be readily obtained by a competing contractor during the interim period without significant duplication of effort on the new contractor's part and the expenditure of significantly more effort on the Government's part, as well, because Government personnel would have to educate the new contractor's personnel regarding the Navy's processes and procedures. Further, changing contractors at this juncture would cause unacceptable delays in fulfilling the Government's requirements (i.e., meeting critical milestones). Based on the foregoing, the order must be issued on a sole-source basis to KPMG in the interest of economy and efficiency because it is a logical follow-on to orders already issued under the contract and all awardees were given a fair opportunity to be considered for the original orders.

5. DETERMINATION OF THE BEST VALUE: The contract did not establish the price for the services. Therefore, the FLCNORVA, Contracting Department, Philadelphia Office Contracting Officer will determine that the price for the task order will be fair and reasonable.

6. DESCRIPTION OF MARKET RESEARCH: The requiring activity and contracting activity did not conduct market research for the performance of the interim task order because no other contractor could economically and efficiently advance the work from its current state through the end of the period of performance of the contemplated task order without having performed the work under the orders specified in paragraph 3 above.

7. ANY OTHER SUPPORTING FACTS: This procurement uses a MAC and will be solicited and awarded in accordance with FAR Subpart 16.5.

8. ACTIONS TAKEN TO REMOVE BARRIERS TO COMPETITION: The ordering period of the existing FIAR MAC will be extended thru 30 September 2016 with an option to extend the ordering period through 31 March 2017. Additional hours and dollars will be added to the basic MAC to accommodate this contemplated logical follow-on task order. The competitive follow-on IDIQ MAC requirement is currently being processed by NAVSUP FLC Norfolk, Philadelphia Office. It is intended to satisfy future requirements for FIAR Support by conducting task order competitions under the pending new MACs.

With regard to DFARS PGI 216.505(b)(2), LSJ #15-016, which supported the issuance of "logical follow-on" Task Order 2016, is attached to this LSJ. LSJ #15-016 was approved on 17 March 2015. It is noted here that the plan to overcome barriers to competition described in LSJ #15-016 is still the plan, in that the procurement for the award of follow-on competitive MAC contracts and follow-on competitive task orders are still in process. [REDACTED]



9. CONTRACTING POINT OF CONTACT: The point of contact at FLCNORVA is Virginia Swizewski at 215-697-4384 or by e-mail at virginia.swizewski@navy.mil.