

**LIMITED SOURCES JUSTIFICATION
FOR ORDERS PLACED UNDER FEDERAL SUPPLY SCHEDULES
“ONLY ONE SOURCE CAPABLE OF PROVIDING THE SUPPLIES OR
SERVICES”**

Pursuant to the requirements of 41 U.S.C. § 3304 and 40 U.S.C. § 501, Services for Executive Agencies as implemented by Federal Acquisition Regulation (FAR) Subpart 8.4, and in accordance with the requirements of FAR Subpart 8.405-6, the justification for the use of the statutory authority under FAR Subpart 8.4 is justified by the following facts and rationale required under FAR Subpart 8.405-6(a)(1)(i)(B)

1. Agency and Government Activity:

The Department of Homeland Security (DHS), Immigration and Customs Enforcement (ICE), Office of Acquisition Management (OAQ), proposes to enter into a contract on a basis of other than full and open competition utilizing FAR Subpart 8.405-6(a)(1)(i)(B) “Limiting Sources.”

2. Nature/Description of Action Being Approved:

DHS ICE has a requirement to add additional work to the A-123 Internal Controls Support Services contract number, GS-23F-8152H/HSCEMS-12-A-00018, task-order HSCEMS-16-F-00057. The purpose of this task-order is to adhere to the requirement for Federal agencies to establish and maintain internal controls to prevent fraud, waste, abuse, produce accurate financial reports, safeguard assets, and comply with laws and regulations.

The Office of Management and Budget (OMB) Circular A-123 (Circular), Management's Responsibility for Internal Control, requires agencies to (i) develop and implement appropriate, cost-effective internal controls for results-oriented management; (ii) assess the adequacy of internal controls in Federal programs and operations; (iii) separately assess and document internal controls over financial reporting consistent with the process defined in Appendix A of the Circular; (iv) to identify needed improvements; (v) to take corresponding corrective action; and (vi) to report annually on internal controls through management assurance statements. When assessing the effectiveness of internal controls over financial reporting (ICOFR) and compliance with financial-related laws and regulations, agencies must follow the process defined in Appendix A of the Circular. For agencies with the Department of Homeland Security (DHS), the assessments must also adhere to the requirements specified by DHS.

ICE Office of the Chief Financial Officer (OCFO) is responsible for providing management of ICE resources by implementing best business practices and linking strategic planning, budgeting, and performance reporting. Within the ICE OCFO, the Office of Assurance and Compliance (OAC) is responsible for managing the requirements of the Circular.

The additional work being proposed will allow ICE to adhere to policy changes in this Circular to modernize existing efforts by requiring agencies to implement an Enterprise Risk Management (ERM) capability with the strategic planning and strategic review process established by the Government Performance and Results Modernization Act (GPRAMA), and the internal control processes required by the Federal Managers' Financial Integrity Act (FMFIA).

The contractor for these services is Ernst & Young, LLP (E&Y). The business address for this company is: 1101 New York Avenue N.W., Washington, DC 20005-4213.

3. Description of Supplies or Services:

This labor-hour (LH) task-order was competitively awarded in the amount of \$5,274,397.00. The period of performance is 09/30/16 through 09/29/2019 which includes a twelve-month base period with two, twelve-month options. The support services are performed on a continual basis to support testing of improper payments and testing of internal controls over financial reporting to comply with the Circular.

Adding ERM functions to the current task order is consistent with the updated Circular. ERM is an effective Agency-wide approach to addressing the full spectrum of the organization's external and internal risks by understanding the combined impact of risks as an interrelated portfolio, rather than addressing risks only within silos. ERM provides an enterprise-wide, strategically-aligned portfolio view of organizational challenges that provides better insight about how to most effectively prioritize resource allocations to ensure successful mission delivery. ERM reflects forward-looking management decisions and balancing risks and returns so an Agency enhances its value to the taxpayer and increases its ability to achieve its strategic objectives.

The estimated value of the additional work is \$1,102,240.00. The additional work will begin upon approval and is required through the remainder of the task-order's period of performance.

Below is the table that reflects the increase in value of the Task Order as follows:

Period of Performance	Original Value at Award*	Value added via this Justification to the Task Order	Total Value
Base Year	\$1,737,690.00	\$364,980.00	\$2,102,670.00
Option Period 1	\$1,751,627.00	\$364,980.00	\$2,116,607.00
Option Period 2	\$1,785,080.00	\$372,280.00	\$2,157,360.00
Total Award	\$5,274,397.00	\$1,102,240.00	\$6,376,637.00

*The current funding value is inclusive of a \$10,000.00 travel line item allocated to each performance period.

The **\$1,102,240.00 increase** of new work represents a **21%** increase from the original value of the contract at time of award (From \$5,274,397.00 by \$1,102,240.00 to \$6,376,637.00).

4. Identification of Statutory Authority Permitting Other Than Full and Open Competition:

The statutory authority permitting other than full and competition is 41 U.S.C. § 3304 and 40 U.S.C. § 501, Services for Executive Agencies, implemented by FAR Subpart 8.405-6(a)(1)(i)(B), "Limited Sources".

5. Demonstration that the Contractor's Unique Qualification or the Nature of the Acquisition Requires the Use of the Authority Cited:

It is in ICE's best interest to modify the current task-order for A-123 Internal Support Services to add ERM responsibilities to the work currently performed by the incumbent vendor. Page two of the revised Circular specifically states "Implementation of the Circular should leverage existing offices or functions within the organization that currently monitor risks and the effectiveness of the organization's internal control." Thus, leveraging the task order promotes efficiency and is in complete compliance with Circular No. 123, issued under the authority of the Federal Managers' Financial Integrity Act (FMFIA) of 1982 as codified in 31 U.S.C. 3512 and the Government Performance Results Act (GPRA) Modernization Act, Public Law 111-352.

The following facts that support this rationale are as follows:

- The award of ERM functions to the incumbent vendor is necessary to ensure two vendors are not working on the same work. The incumbent contract covers risk assessments related to internal controls, however the recent OMB guidance directed the inclusion of Enterprise Risk Management (ERM) -- making it an integral function to the current task order. Page one of the Circular states, "OMB Circular No. A-123 requires agencies to integrate risk management and internal control functions." Thereby, the Circular requires integration of risk management and internal control functions within agencies to mitigate waste via duplication of efforts -- multiple vendors working on the same work is not feasible.
- Moreover, there are pending deliverables that require OAC to initiate this function as quickly as possible. The Circular requests that executive agencies submit the first deliverable, Initial Risk Profile, to OMB on June 2, 2017. Any new contractor would require a transition period for personnel to become sufficiently knowledgeable in support

of this effort and would result in risk of the government not meeting the OMB June 2, 2017 deadline.

6. Description of Market Research:

Market research was conducted for the initial competitive award. This task-order was competitively awarded. The ICE OCFO BPA was utilized for this order and included several vendors capable of providing the required support services. E&Y discussed the implementation of ERM in their technical quotation and demonstrated their understanding of the future impacts to the internal control environment and pending revisions to the Circular.

Due to the ongoing and immediate needs of the program office, official market research for the follow-on work was not conducted due to level of urgency and nature of current support services already being performed by E&Y. For economy and efficiency, it is not in the best interest of the Government to consider other sources for the services currently being performed under task order HSCEMS-16-F-00057.

7. Any Other Facts Supporting the Limited Sources Justification:

For this particular procurement, based on the rationale stated above, it is determined to be in the best interest of the Government to utilize E&Y.

8. A Statement of the Actions, if Any, the Agency May Take to Remove or Overcome Any Barriers to Competition Before Any Subsequent Acquisition for Supplies or Services Required:

In accordance with FAR Part 17, a Justification for the Use of Options was completed prior to issuing the RFQ. Prior to exercising each option, a Determination & Findings will be completed to determine if the contractor is performing satisfactorily within the terms of the contract and decide if exercising the next option is in the Government's best interest.

9. Contracting Officer's determination that the order represents the best value to the Government.

The rates for the required labor work-stream for ERM services correspond to the labor rates established in the contractor's BPA and under task order HSCEMS-16-F-00057. These rates have been determined to represent the best value to the Government upon evaluation of quotations competitively solicited through the call order RFQ.

HSCEMS-12-A-000018/ Task Order HSCEMS-16-F-00057
ICE A-123 Internal Controls Support Services

The Contracting Officer has assessed the level of effort, the labor mix, and the labor rates proposed by the contractor and has determined that increasing the level of effort for additional support services for internal controls provides the best value to the Government and will result in the lowest overall cost, considering price and administrative costs, to meet the Government's needs. This order was placed in accordance with FAR 8.404, "Use of Federal Supply Schedules." The General Services Administration (GSA) has already negotiated fair and reasonable pricing rates.

HSCEMS-12-A-000018/ Task Order HSCEMS-16-F-00057
ICE A-123 Internal Controls Support Services