



**General Services Administration
Federal Acquisition Services (FAS)**

**LIMITED SOURCES JUSTIFICATION
SOLICITATION 47QFCA22Q0006
INTERAGENCY AGREEMENT NUMBER 47QFDA20S0007**

The General Services Administration (GSA) makes this Limited Sources Justification (LSJ) for orders pursuant to Federal Acquisition Regulation (FAR) 8.405-6.

i.) Identification of Agency and Contracting Activity:

Agency

General Services Administration (GSA)
National Capital Region (NCR) Federal Acquisition Services (FAS)
Acting in support of: HUD Ginnie Mae

Contracting Activity

GSA NCR FAS
Assisted Acquisition Services
1800 F Street NW
Washington DC 20405

ii.) Nature and/or Description of Action Being Approved:

The Office of the Chief Finance Officer (OCFO) requires continued support for the Financial Management and Internal Control services (ICOFR). The need for the continued support must be issued as a sole source, (1) twelve-month base year; with (1) six-month option, to meet the mission requirement while the re-compete award process is still ongoing which was delayed due to unanticipated internal processes. Ginnie Mae is strategically planning the re-design of its financial management and internal control services to ensure future competition.

Estimated Period of Performance: The estimated period of performance for the bridge contract is from January 05, 2022, through June 04, 2023, with one 12-month Base Period and one 6 Months Option Period.

Procurement Estimated Value: The estimated procurement value is as outlined below:

Base Period:	\$43,086,617.07
Option Period 1:	\$22,188,857.79
Total:	\$65,275,474.86

iii.) A Complete Description of Supplies/Services Required to Meet Agency's Need:

Ginnie Mae's mission has been determined to be an essential function of the United States Government under Federal Continuity Directive 1 (FCD 1) of the Federal Executive Branch's National Continuity Program and Requirements. The processes associated with the execution of financial management and internal controls are critical to ensure Ginnie Mae fulfills its core and national essential function of guaranteeing the stability of the Nation's economy. Sustaining accurate reporting and management of its financial control environment has an impact on national and international economic activity and requires Ginnie Mae to maintain continued public confidence in its financial system.

The purpose of this sole source contract is to obtain i) assistance in sustaining compliant financial reports consistent with federal and commercial standards; ii) technical support related to O&M for month-end processing; iii) audit readiness, business process improvement, and internal control and governance services in order to improve the design and operating effectiveness of Ginnie Mae's controls over financial reporting; iv) deployment of code fixes, configuration changes, and technical enhancements for SLDB; v) analytical, data, and systematic enhancements over finance systems and accounting operations stemming from ongoing modernization initiatives; and vi) operational support for industry developments and requests from program office leads or inter-department executives. The work shall also assess audit readiness with AU-C Section 402, Audit Considerations Relating to an Entity Using a Service Organization.

The following services is required:

Audit Support – Providing audit support and assistance surrounding the preparation of Ginnie Mae's financial statements and supporting schedules. The activities may include, but are not limited to:

- a. **Financial Statement Analysis** – This would include an analysis of financial statements and supporting schedules for compliance with US GAAP, and assistance with the compilation of the overall annual financial report, data call, and related reports.
- b. **Audit Readiness** – The contractor shall provide services to Ginnie Mae for a variety of audit readiness task areas. Activities are designed to support remediation efforts of identified material weaknesses or deficiencies and other issues identified by Ginnie Mae management and an auditor.

Internal Controls and Governance – The contractor will provide technical direction and content to support internal control/governance activities. The activities may include, but are not limited to:

- a. **OMB A-123 Support** – Assisting OCFO with A-123 audit liaison support activities.

- b. **Internal Controls and Remediation** – Developing/implementing a comprehensive Internal Controls Program (ICP). The ICP shall prescribe the policies, procedures, and processes needed to achieve desired results, meet the objectives of internal control across the Agency, protect and sustain the integrity of Federal programs, and safeguard resources against waste, loss, unauthorized use, or misappropriation. The contractor shall assist in the development of audit remediation plans, procedures, and timelines associated with the preparation and audit of Ginnie Mae's quarterly and annual financial statements.
- c. **Governance** – The contractor shall aid Ginnie Mae in assessing all aspects of governance across people, processes, and technology.
- d. **Compliance** – The contractor shall provide compliance support services, specifically in the areas of designing, implementing, and executing a robust compliance management regimen in accordance with applicable laws, regulations, legal agreements, and business documents.

Financial Management – The contractor will provide financial management support services to OCFO by improving the effectiveness of the agency's financial management functions in the production of quarterly financial statements, compliance with commercial and federal reporting requirements. The activities may include, but are not limited to:

- a. **Policies and Procedures** – The contractor shall provide policies and procedures support for all business processes and functional areas within the OCFO. The contractor shall coordinate with Ginnie Mae personnel in the preparation of procedures, guidelines, tools, matrices, checklists, and enablers for policies and procedures that cover financial reporting in accordance with the Financial Accounting Standards Board (FASB), proprietary and budgetary reporting considerations. The Contractor shall develop and deploy a digital accounting policy and procedure solution to automate the workflow and streamline policy, procedure, and other technical document development and maintenance.
- b. **Financial Management (Operational Support)** – The contractor shall provide support related to Ginnie Mae's accounting and financial management operations, in order to assist in the compilation and reconciliation of financial information.
- c. **Government Budgetary Accounting & Consolidation** – The contractor shall address day-to-day budgetary accounting needs and related financial reporting requirements. The contractor shall also support the budget transformation project with strategy, governance, communication, and implementation services.
- d. **Financial Reporting Support** – The contractor shall provide accounting support and assistance surrounding the preparation of Ginnie Mae's financial statements and supporting schedules. This would include an analysis of financial statements and supporting schedules for compliance with US GAAP (FASB and FASAB),

and assistance with the compilation of the overall annual financial report, data call, and related reports.

- e. **Sub-ledger Database (SLDB) O&M Support and Process Improvement** – The Contractor shall provide ongoing Operations and Maintenance support for the SLDB system used within the OCFO. The Contractor will operate and maintain the Sub-ledger Database and other adjunct/integrated tools and make revisions or updates to these applications, as required. During ongoing operation, the Contractor should develop the policies and procedures related to monitoring and understanding the performance of SLDB to enable management to determine whether systems are aligned with business strategy and meet desired objectives.

Special Assessments – The Contractor will perform assessments via issuance of BPA task orders.. The activities may include, but are not limited to:

- a. **Assessment of New Requirements of Control Agencies** – The Contractor shall, if required, draft and finalize reports to address specific areas.
- b. **Advise on Systems Security** – The Contractor shall, if required, conduct Internal Control Reviews or Alternative Control Reviews of Ginnie Mae programs, administrative process and/or financial management and information technology systems.
- c. **Assessments of Strategic Initiatives** – The Contractor shall, if required, draft and finalize reports to address new standards brought by changes in Administration and Housing Reform, necessitating dual- and incremental accounting and reporting requirements under FASB and FASAB.

iv.) The Authority and Supporting Rationale:

The acquisition is conducted under the authority of the Multiple-Award Schedule Program. Consideration of schedule contractors will be restricted in accordance with:

- a. FAR 8.405-6 (a)(1)(i)(B) - Only one source is capable of providing the supplies or services required at the level of quality required because the supplies or services are unique or highly specialized.

This procurement is for the continuation of Financial Management and Internal Control services necessary to meet Ginnie Mae's financial management requirements, while the recompetes award process is ongoing. The existing contractor, Ernst & Young (EY) is uniquely qualified to perform the PWS during the critical pre-award development and execution of the recompetes process.

As the current incumbent, EY is only the contractor who the Government can quickly have perform the required services without incurring a lapse in services, excessive learning curve, or significant costs to perform the required services. EY possesses the institutional knowledge of the existing financial management and internal controls framework.

In addition, EY has the technical O&M knowledge required to support Ginnie Mae's sophisticated SLDB tool, which consists of complicated forensic loan-level analysis deployed to remediate Material Weaknesses. Ginnie Mae's financial statements were in a state of Disclaimer — Not Auditable because of the Material Weaknesses; however, EY's efforts made under the existing contract resulted in the lifting of audit disclaimer, and must be properly transitioned to ensure Ginnie Mae's financial statements remain in an auditable state.

EY has extensive knowledge of the historical loan data that leads to the construction of the vital ten-year audit trail, restatement advisory recommendations, system processes, and calculation improvements. It has a considerable amount of institutional knowledge about Ginnie Mae's business processes, accounting cycles, related systems, and state of internal contract. The company will provide subject matter expertise through the implementation, stabilization, and post implementation training to the OCFO staff.

The successful redesign of Ginnie Mae's financial management and internal control services to support the requirements of its existing audit environment is a necessary prerequisite to facilitating a full and open competition. Once the award for the recompetes is made, the Government will need time to transition out security and other requirements from EY to the successor of the recompetes. The transition-out to the successor includes a 90-day period for the successor to "shadow" the incumbent. Additionally, the incumbent would "reverse shadow" the successor for another 90-day period.

Based on the following reasons provided, it is determined that only one source, EY can meet the operational requirements, and minimizes unanticipated disruptions without a lapse in service. EY is the only provider with the current expertise and access to the applications necessary to perform the required services.

The plan is to award a bridge contract to Ernst & Young before contract GSQ11Q16BJC0005/ID1160026 expires. The bridge contract will allow Ernst & Young to continue to provide Ginnie Mae the necessary support until a fully competed contract can be awarded.

v.) Determination by the Ordering Activity Contracting Officer that the Order Represents the Best Value Consistent with FAR 8.404(d):

GSA has already determined the prices of the supplies and services under Federal Supply Schedule (FSS) contracts, including rates for services offered at fixed hourly rates, to be fair and reasonable at the master contract level. The proposed labor rates will be verified to confirm they do not exceed the Schedule rates.

The level of effort and the mix of labor proposed will be evaluated to determine that the total price is reasonable for the effort. The Government will seek additional discounts off of the established fixed hourly rates under the Schedule. The Government is confident an 18-month bridge (task order and BPA) to the incumbent will represent the overall best value based on timing, cost-savings, and expertise. A task order award to a new vendor will require additional costs and a lapse in service because of the need to invest significant

resources to both 1) process a competitive award and 2) transition the institutional knowledge and expertise required to support the existing level of services.

vi.) Description of the Market Research Conducted Among Schedule Holders and the Results of the Research:

The below market research was initiated in 2nd quarter FY21 for the recompetes of the FMIC program. NCR requested a market research report in October from GSA's MRAS service to Applicable SINs 541219, 541211, Other, OASIS SB POOL2, OASIS POOL2, OASIS 8A P2 and through comparisons to the extensive market research performed 10 months ago there were no significant changes to the market from then to now. Therefore, it was determined that the 2nd quarter FY21 market research detailed below was still as the nature of the services required haven't changed significantly nor has the vendor pool.

A RFI was issued on Thursday, January 28, 2021, to 166 vendors listed on the GSA Multiple Award Schedule for NAICS code 541211 which yielded 10 responses (7 large businesses (other than small businesses-OTSBs); 3 small businesses (SBs)-one of which was an 8a). GNMA staff and the IPT evaluated the businesses' responses, including corporate capability statements, submitted in response to the RFI. As a result of the analysis of the responses received to the RFI, the Multiple Award Schedule (MAS) for Professional Services under SIN code 541219 (Audit Services) is considered to be a viable source for this acquisition. Therefore, limiting the vendor pool to the current schedule holders may be considered as the best source for this acquisition.

A second RFI was issued on Tuesday, February 23, 2021, to approximately 297 vendors which yielded 10 responses (5 large businesses (other than small businesses-OTSBs); 5 small businesses (SBs)—in which all but one was noted as 8(a)s). It should be noted that several Small Business respondents noted that their accounting systems lack the required capability to adequately support and report the required GSA Industrial HUD Ginnie Mae Financial Management and Internal Controls Support (ICOFR) Funding Fees (IFFs), as well as several who reported that they lacked an accounting system deemed adequate by a cognizant audit agency such as DCAA).

GNMA staff reviewed the responses received from this RFI as well for consideration of redefining the requirements. Based on the evaluation of responses received to the RFI, under SIN 541219 (Budget and Financial Management Services) there is additional consideration being made to consider this pool of resources also being a viable source for procuring the Financial Management and Internal Controls Support services.

Based on almost all of the same Vendors responding under 541211 having the capability of meeting the requirements under SIN 541219 as well, the SIN's description of services, and a review of the functional descriptions of several of the potential Vendor's labor categories, limiting the vendor pool to the current schedule holders (of 541219), which will also include three additional Vendors (Cotton & Company, LLP, Grant Thornton Public Sector LLC., and KPMG LLP), it is further considered that 541219 is the best potential source pool, noting sufficient number of interested Vendors and being inclusive of two Small Business 8(a) companies.

vii.) Any Other Facts Supporting the Justification (if any):


No Additional facts.

viii.) Statement of the Actions the Agency May Take to Remove or Overcome any Barriers that Led to the Restricted Consideration Before Any Subsequent Acquisition for the Supplies or Services is Made:

The subject ICOFR bridge is to allow for the re-compete to be awarded and to cover any transition period. The projected date of the ICOFR re-compete award is October 2022. The Government is concurrently recompeting a portion of the overall FMIC program, General Financial Systems Information Technology (GFIT) Modernization Support. GFIT is being competed under GSA MAS Schedule - Special Item Number (SIN) 54151S Information Technology Professional Services (Formerly SIN 132-51) with an anticipated award in December 2021. This strategy allows for continued support of the overall FMIC program.

ix.) Written Determination by Approving Official Identifying the Circumstance that Applies:

I hereby certify that this justification is accurate and complete to the best of my knowledge, and I determine on the basis of the findings above that the LSJ is in accordance with the requirements and is in the best interest of the Government.

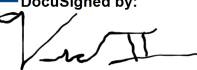
DocuSigned by:

 A8285BC9A3A346F...
 Stellamaris Onuorah
 Technical Point of Contact (TPOC)
 GINNIE MAE OCFO

12/9/2021

Date

x.) Contracting Officer Certification that the Justification is Accurate and Complete to the Best of the Contracting Officer's Knowledge and Belief:

I hereby certify that this Justification is accurate and complete to the best of my knowledge, and I determine on the basis of the findings above that the limited sources approach is in accordance with the requirements and is in the best interest of the Government.

DocuSigned by:

 3C2B7734A90A4CB...
 Victor Purcell
 Branch B Chief - Supervisory Contracting Officer
 FAS/NCR/ COD

12/9/2021

Date

xi.) **CONCURRENCES**

COD Deputy Director:

DocuSigned by:

Dennis D. Harrison

149A6350657B4D7...

Dennis Harrison

Deputy Director, Contracting Operations Division

12/9/2021

Date

Competition Advocate

DocuSigned by:

Stacy Williams

BA773B27A6E5445...

Stacy Williams

Competition Advocate

Director, Acquisition Oversight Division

12/10/2021

Date

DocuSigned by:

Darrick Early

9B0557F006D34E0...

Darrick Early

Deputy Regional Commissioner

12/10/2021

Date

xii.) **APPROVAL**

DocuSigned by:

Houston Taylor

E02BADD051924D6...

Houston Taylor

Head of Contracting Activity

12/13/2021

Date