

**DETERMINATION AND FINDINGS  
FOR A  
SOLE SOURCE PROCUREMENT**

**CONTRACT NO.:**

**CAPTION:**

**PROPOSED CONTRACTOR:** Innovative Cost Solutions, LLC

**PROGRAM AGENCY:** Office of Administrative Hearings

**FINDINGS**

**1. AUTHORIZATION**

D.C. Official Code 2-303.05 (a) (1), 27 DCMR 1702.3 Chapter 21, Section 2100

**2. MINIMUM NEED:**

The Office of Administrative Hearings (OAH) has an immediate need for continued work relating to the development of a Cost Allocation Plan (CAP) and Indirect Cost Rates (IDCR). OMB Circular A-87, as codified in 2 CFR 225 and as implemented by the U.S. Department of Health and Human Services (DHHS), requires the development and documentation of one or more multiple Indirect Cost Rates annually based on the actual, allowable costs incurred by the governmental units in providing services subject to Federal Funding. OAH is required to document costs associated with billing other District Agencies for adjudication services, so that the agency in turn can bill the Federal programs for the services provided. OAH requires a contractor to build upon Phase I, a job task analysis conducted in August 2010. The second phase of this project must be completed before September 30, 2011.

**3. BACKGROUND**

A Sole Source award (PO337432) to Innovative Cost Solutions, LLC (ICS) was made on August 12, 2010. It was determined that ICS was the only vendor that could provide the unique qualifications of personnel to aide in the recovery of indirect costs from the Federal Government. ICS is staffed by a former National Director of the Division of Cost Allocation for the Department of Health and Human Services. ICS also staffs the former National Director of KPMG's cost allocation plan. Furthermore, ICS has served other District agencies in a similar capacity for over 16 years. Finally, ICS worked with OAH when the agency was housed under the Department of Health under the name the Office of Adjudication and Hearings.

Phase I, which was completed in FY 2010, was to perform an analysis of the basic data, organizational structure and underlying systems used to identify and document costs associated with the Indirect Cost Rate Proposal. Phase II builds upon Phase I, in that its objective is to generate an Indirect Cost Rate Proposal reflective of all allowable costs and in conformance with OMB Circular A-87 and an invoicing system.

**4. ESTIMATED REASONABLE PRICE**

\$65,000

**5. FACTS WHICH JUSTIFY SOLE SOURCE PROCUREMENT:**

To employ a new vendor to manage the second phase would likely put OAH in the uncertain position where one methodology would have been used for phase one of the project and a completely different methodology would be employed for future phases. These potentially conflicting methodologies could invalidate or at least call into question any actions OAH would take to develop an Indirect Cost Rate proposal reflecting of all allowable costs and in conformance with OMB Circular A-87 and an invoicing system.