DETERMINATION AND FINDINGS
FOR A
SOLE SOURCE PROCUREMENT

Agency: Department on Disability Services
Contract No: DCJM-2013-C-0003/OY Mod 2
Contractor: Innovative Costing Solutions, LLC
Caption: DDS Cost Allocation Study and Random Moment Time System
                     for FY 2015 (Option Year Two)

FINDINGS

1. **Authorization:**

   D.C. Official Code §2-354.04, 27 DCMR §§ 1304, 1700 and 1701

2. **Minimum Need:**

   The Department on Disability Services, Office of the Chief Financial Officer for the
   Human Support Services Cluster, Agency Fiscal Officer, has an immediate need for a
   contractor with proven experience and expertise as delineated below who is available and
   able to generate a Cost Allocation Plan and Random Moment Time System to facilitate
   recovery of the maximum indirect costs possible from federal programs, including
   Medicaid, in Fiscal Year 2015:

   o Experience in review, analysis, and development of indirect cost recovery
     methodologies and related supporting systems;

   o Experience in implementing automated indirect cost allocation systems, as well as
     training clients in the use of the systems;

   o Skill in analyzing OMB circulars and other federal regulations.

   o Familiarity in sponsored projects accounting, indirect cost analysis, and financial
     accounting systems.

   o Familiarity with federal program funding requirements such as programs with high
     federal financial participation rates, open-ended funding, and capped funding.

   o Skill in negotiating and representing District of Columbia agencies in defense of
     indirect cost rates charged to programs of the U.S. Department of Health and Human
     Services.

3. **Estimated Fair and Reasonable Price:**

   The estimated price proposed for FY 2015 is $205,755 at rate of $145 per hour. ICS
   agrees to hold the rate of $145 for five years, through FY 2017. The Agency Fiscal

Officer has reviewed the level of effort proposed and determined that the number of hours proposed for each task and subtask of the work is reasonable and necessary.

4.   **Facts that Justify a Sole Source Procurement:**

Innovative Costing Solutions (ICS) has successfully performed the required services for DDS and other HHS agencies since Fiscal Year 2005. Innovative Costing Solutions has developed proprietary software to generate Random Moment Time samples and results proven to meet OMB and DHHS audit requirements

Currently, under an extension of CFO-awarded Contract CFOPD-08-C-028 that for FY14 covered the majority of the agencies (DHS, DOH, DHCF, and OSSE) and separate contracts by DMH, CFSA, DCPS, OAG/Child Support, OAH, all agencies in the District's Health and Human Services Cluster use ICS for calculation of the agencies' Indirect Cost Rates (IDCR); and all DHHS agencies use the Random Moment Time System that is proprietary to ICS. Thus, there are unique efficiencies that support continued contracting with ICS for this work, as long as they maintain the main CFO contract.

According to the Agency Fiscal Officer (AFO), the three partners of ICS that are assigned to DDS have more than 90 years of knowledge in the governmental Human Service area as well as over 75 years experience in the required governmental costing principles and the unique discipline of Human Services cost identification and allocation. In addition, ICS has an unequaled business working relationship with the federal cognizant agency that is responsible for the oversight and approval of DDS's indirect cost reporting and subsequent negotiations. This has enabled DDS a smooth path to documenting and maximizing its federal reimbursement for its indirect cost expenditures.

While the methodologies and confidence of the RMS are governed by Federal regulations, the procedures that the data gathering instrument ICS designed and put in place have yielded successful results both as far as revenue maximization and acceptance by the federal cognizant agency. If another RMS methodology was used by the agency, there would be a high learning curve necessitating many hours of costly training of DDS staff and a new approval process by the cognizant federal agency.

Any disruption in the administration of the RMS process and procedures would result in a significant negative financial impact to the agency, resulting in the loss of operating revenue. The benefits received from ICS provide a substantial financial benefit to the agency. Their deliverables have always been on time and within budget. Furthermore, their professional relationship with the federal government has continually enabled the agency to receive timely approval of a favorable indirect cost rate and RMS, generating revenue in excess of $6M annually.

There is no other source reasonably available to perform the required services within the time period needed.

A notice of intent to award a sole source contract to Innovative Costing Solutions, LLC was posted to the Office of Contracting and Procurement website on September 16, 2014, in accordance with 27 DCMR 1304. After posting for ten days, no other contractor has challenged the notice.

CERTIFICATION OF FINDINGS

I have reviewed the above findings and certify that they are true, accurate and sufficient to justify the use of the sole source method of procurement under the cited statutory authority.

_____   _____
Date   Laura L. Nuss, Director
                                                                Department on Disability Services

DETERMINATION

Based on the above findings and in accordance with the cited authority, I hereby determine that it is not feasible or practical to invoke the competitive solicitation process under either Section 402 or 403 of the District of Columbia Procurement Practices Reform Act of 2010 (D.C. Law 18-371; D.C. Official Code § 2-354.02 or 2-354.03). Accordingly, I determine that the Department on Disability Services is justified in exercising its option to extend its contract with Innovative Costing Solutions, LLC for the services described above in Option Year Two using the sole source method of procurement.

_____   _____
Date   Janice Parker Watson
                                                                Chief Contracting Officer
                                                                Department on Disability Services