

**DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE**

**MULTIPLE DELIVERY/TASK ORDER CONTRACTS  
JUSTIFICATION FOR AN EXCEPTION TO FAIR OPPORTUNITY (JEFO)**

I recommend that the U.S. DEPARTMENT OF THE TREASURY use limited awardees for the acquisition of the following supplies or services available under an indefinite-delivery contract. If this acquisition is to be made with only one awardee or a limited number of awardees, negotiations will be conducted with the indicated proposed supplier(s) in accordance with FAR 16.505 (b)(2)(i)(B):

**1. DESCRIPTION OF SUPPLIES OR SERVICES**

The Patient Protection and Affordable Care Act (PPACA) of 2010 and the Health Care and Education Reconciliation Act were signed into law in March 2010 to constitute the US Health Care Reform Act of 2010. The Internal Revenue Service (IRS) established the Affordable Care Act (ACA) Program Management Office (PMO) as a functional division under the Information Technology Services (ITS) organization to support the legislative requirements of the PPACA. The ACA PMO is responsible for administering, managing, building and implementing new Information Technology (IT) solutions that do not currently exist to support select provisions of the legislation.

The IRS has established the Core Systems Affordable Care Organization, to design, development, testing and operation/maintenance of applications for a new Information Returns Submission Processing Management Framework. This submission processing framework will serve as the Front-End processor for multiple sources of electronically transmitted/submitted Information Return data required by the IRS. The IRS will receive ACA Information Returns from Employers, Issuers/Insurers and Government Entities (i.e. State Exchanges, HHS), Foreign Account entities and other legislatively mandated Information Returns data sources.

The IRS seeks to obtain unique vendor technical support and services to design, configure, customize, develop, integrate, implement and provide operational maintenance for a Trademark Commercial-Off-The-Shelf (COTS) solution purchased from Northrop Grumman Information Technology titled **InFlowSuite**. The desired end state is a new Information Returns submission processing system responsible for delivering applications, infrastructure and supporting processes required to collect and disseminate all electronically transmitted/submitted Information Returns data required by congressional/legislative mandates.

The period of performance is:

Base Year: September 28, 2013 – September 27, 2014

Option Year 1: September 28, 2014 – September 27, 2015

2. REQUISITION NO.	4. NAME(S) OF PROPOSED SOURCE(S)		
[REDACTED]	Northrop Grumman Information Technology, Inc. 12011 Sunset Hills Road Reston, VA 20190		
3. COST ESTIMATE	TIRNO-11-D-00027		
Base: [REDACTED] Opt 1: [REDACTED] Total \$9,900,000.00			
<b>REQUESTING OFFICE CERTIFICATION</b>			
I certify that the attached justification is accurate, and contains complete data necessary to support the recommendation for only one or limited awardees justification and approval.			
5. REQUESTING OFFICE REPRESENTATIVE (Name & Title)  Debra F. Hemingway AIR Project Manager	(Signature)  9H1FB <small>Digally signed by 9H1FB DN: cn=9H1FB, email=Debra.F.Hemingway@n1.g ov Date: 2013.08.09 08:16:05 -04'00'</small>	(Phone No.)  [REDACTED]	(Date)
<b>SMALL BUSINESS CERTIFICATION</b>			
I have reviewed the awardee list to locate small businesses for this procurement. If any were found, a list is attached.			
6. SMALL BUSINESS SPECIALIST (Name and Title)  LaTonya D. Richardson Small Business Specialist	(Signature)  FOR Mary G McKeuse	(Phone No.)  [REDACTED]	(Date)  8/9/13

**PROCUREMENT OFFICE CERTIFICATION**

I certify that this submission is accurate, and that it contains complete information necessary to enable Approving Officials to make an informed recommendation for approval or disapproval.

<b>7. ASSIGNED CONTRACTING OFFICER (Name)</b>  Egbert M. Goodman	(Signature)   Digitally signed by Ihnpb DN: cn=Ihnpb, email=Egbert.M.Goodma n@irs.gov Date: 2013.08.08 10:25:52 04'00'	(Phone No.)  240-613-8135	(Date)
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Before requesting this procurement, state one statutory authority for this procurement to be conducted under "exception to fair opportunity" procedures. Provide narrative justification associated with the respective stated authority in block number 13.

**STATUTORY AUTHORITY EXCEPTIONS (FAR 16.505 (b)(2)(i))**

*(place an "X" in appropriate box and complete the rest of the form)*

8.	<p><b>FAR 16.505 (b) (2) (i) (A) – Need is so urgent that providing fair opportunity would result in unacceptable delays.</b></p> <p>This authority applies in those situations where (1) an urgent need precludes fair opportunity, and (2) delay in award of a delivery or task order would result in serious injury, financial or other, to the Government. (Explain why the agency's need for the supplies or services is so urgent that the Government would be seriously injured unless it limited the number of awardees. Solicitation from as many potential awardees as is practicable under the circumstances is required).</p>
9.  XX	<p><b>FAR 16.505 (b) (2) (i) (B) – Only one awardee is capable of providing the supplies/services required at the level of quality required because they are unique or highly specialized; or brand name specification.</b></p> <p>Explain what makes this awardee the only responsible source i.e., Does this proposed contractor have facilities or equipment that are specialized and vital to the effort? Is the proposed contractor the only one that can meet critical schedules? Does the proposed contractor have prior experience of a highly specialized nature vital to the effort? Does the contractor have an exclusive licensing agreement? Why won't any other product or service satisfy the need? What are the unique features of the product that are unavailable in any other brand or products? Why was this particular product and/or vendor chosen? Are these features available in other models? Describe the rationale for the brand name specification. Describe the market survey and analysis efforts leading to this conclusion. In addition, for brand name, indicate that "the use of such description in the acquisition is essential to the Government's requirements, thereby precluding consideration of a product manufactured by another company."</p>
10.	<p><b>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 an order already issued under the contract (provided that all awardees were given a fair opportunity to be considered for the original order).</b></p> <p>Explain why the work is a logical follow-on and provide information on the original fair opportunity for the first order. The rationale shall describe why the relationship between the initial order and the follow-on is logical (e.g., in terms of scope, period of performance, or value).</p>
11.	<p><b>FAR 16.505 (b) (2) (i) (D) – It is necessary to place an order to satisfy a minimum guarantee.</b></p> <p>This authority applies when it is necessary to award the delivery/task order to a particular awardee or awardees in order to satisfy the minimum contractual guarantee.</p>
12.	<p><b>FAR 16.505 (b) (2) (i) (E) – A statute expressly authorizes or requires that the purchase be made from a specified source (for orders exceeding the SAT).</b></p> <p>This authority may be used when a statute expressly authorizes or requires that the acquisition be made through another agency or from a specified source. (Cite the authority that expressly authorizes that the acquisition be made through another agency or from a specified source, and attach a copy of the statute). <b>Note:</b> While this statutory exception includes the small disadvantaged business 8(a) set-aside program, a JEFO is not required for this type of procurement unless the amount exceeds \$20 million.</p>

### 13. JUSTIFICATION (ADD PAGES IF NEEDED)

#### A. DEMONSTRATION THAT THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS OR THE NATURE OF THE ACQUISITION REQUIRES USE OF THE AUTHORITY CITED.

This requirement is follow-on to work that was started under contract number TIRNO-11-D-00027, Task Order Number 0002. It is to be continued by Northrop Grumman without interruption or delay, in order to meet the required of the Congressionally-mandated implementation deployment dates. Northrop Grumman is the only contractor with specialized development facilities/laboratories, and configured equipment capable of implementing and supporting the IRS Enterprise Software Product (ESP) approved Commercial Off The Shelf (COTS) Trademark product titled InFlowSuite. Northrop Grumman has a combined total of over 25 years of experience with Electronic submissions of Information Returns, Paper submissions of Information Returns, and IRS required Current Processing Environment (CPE)/Legacy interface understanding in such critical system/application as Integrated Enterprise Portal (IEP), Information Return Perfection & Validation (IRPVAL) and Generalized Main Frame (GMF). Northrop Grumman is supporting Department of Treasury bureau for over 10 years while maintaining a high System Availability rating. InFlowSuite product is the only commercial product specifically designed and developed to address the IRS' submission processing management application needs/requirements. Other product types (business process management, forms processing, enterprise middleware etc.) have related capabilities, but all lack critical submission processing features. Northrop Grumman was chosen based upon their specialized InFlowSuite COTS product development experience. Use of another vendor/contractor without this specialized combination of IRS CPE and InFlowSuite design, configuration, development, systems interface and integration testing; and implementation experience will result in unacceptable delays in fulfilling the IRS/ACA Program requirements within the required Congressionally mandated deployment timeframes/deadlines. In addition, the IRS/ACA Program would suffer a significant loss in new vendor support ramp-up, irreplaceable learning, approximately 24 months in lost productivity, and negate the investment already made by the IRS/ACA Program related to associated financial expenditures. Northrop Grumman InFlowSuite product and features are essential to the IRS/ACA Program requirements, and market research indicates other companies' similar products do not meet, or cannot be modified to meet the IRS requirements without substantial duplication of cost to the Government that cannot be recovered through competition. The use of alternate products would result in unacceptable delays in fulfilling the mandated deadlines and would require significant customization. Internet searches, research on GSA schedules, and prototype proposals were submitted, however it was concluded the Northrop Grumman's technical labor resources experienced with InFlowSuite could support the IRS submission process management requirements.

The ACA PMO requests approval of this Sole Source Task Order to Northrop Grumman, the incumbent contractor, which is the only company capable of performing this task's efforts with InFlowSuite. This project is critical to Affordable Care Act implementation (ACA) and failing to meet the objective would be detrimental to the Governments if not allowed to continue. This Sole-Source Task Order request is essential to the program.

#### B. DESCRIBE THE EFFORTS TAKEN TO ENSURE OFFERS WERE SOLICITED FROM ALL MULTIPLE-AWARD CONTRACTORS, INCLUDING WHETHER A FAIR NOTICE OF INTENT TO MAKE A PURCHASE (WITH CLEAR DESCRIPTION OF SUPPLIES/SERVICES AND THE BASIS UPON WHICH THE SELECTION WILL BE MADE) WAS/WILL BE PUBLISHED ON THE AGENCY'S WEB PAGE FOR ALL AWARDEES TO SEE AS REQUIRED BY FAR 16.505(b) (1) (iii) (B) (1). STATE "ALL CONTRACTORS RESPONDING TO THE NOTICE OF FAIR OPPORTUNITY CAN SUBMIT AN OFFER AND HAVE THAT OFFER FAIRLY CONSIDERED."

This acquisition will be a sole source award as only one awardee is capable of providing these services. An assessment of other TIPSS 4 contractors' capabilities will be performed seeking to learn if other contractors are able to perform this service. Once we have identified other capable contractors', we will craft an acquisition strategy that maximizes competition.

#### C. DEMONSTRATION THAT THE ANTICIPATED COST TO THE GOVERNMENT WILL BE FAIR AND REASONABLE.

Prior to award of the TIPSS ITS contract, the Contracting Officer determined the Contractor's rates to be fair and reasonable based upon applicable price analysis techniques. The Program Office will perform a technical review of the contractors' proposal and the Contracting Officer will make a determination that the price and/cost evaluation is fair and reasonable.

**D. DESCRIBE THE MARKET RESEARCH CONDUCTED AMONG ALL AWARDEES AND THE RESULTS OF THE RESEARCH (E.G., HISTORICAL ORDERING INFORMATION, LIST AWARDEES THAT EXPRESSED AN INTEREST IN WRITING IN THE ORDER AND THE RESULTS OF THAT INTEREST).**

The customer has conducted market research ensuring that this is the most appropriate way to satisfy the Government's need. Based on the customer's research, other business units, and IRS Procurement it would not be feasible to bring in another contractor to perform this work. The critical nature of the work requires Northrop Grumman to maintain their services and processes, the lead time for another contractor to continue this project will be time prohibitive and will delay the start of the project making it counterproductive. This would result in missing the mandated deployment times for this critical system.

**E. DESCRIBE ANY OTHER FACTS TO SUPPORT THE JUSTIFICATION.**

This work is in support of the Affordable Care Act (ACA) Program and is critical to the overall mission of the Federal Government. A Performance Work Statement(PWS) and an Independent Government Cost Estimate (IGCE) will support the justification.

**F. LIST THE ACTIONS, IF ANY, THAT THE BUREAU WILL TAKE TO REMOVE OR OVERCOME ANY BARRIERS THAT LED TO THE EXCEPTION TO FAIR OPPORTUNITY BEFORE ANY SUBSEQUENT ACQUISITIONS FOR SIMILAR SUPPLIES OR SERVICES.**

The TIPSS Office is working with the customer to identify specific deliverables that need to be performed by the incumbent. They will identify the logical break point that will enable the IRS to transition the workload to the IRS, when required.

**G. STATEMENT THAT REQUIREMENT DOES NOT RESULT FROM A LACK OF PLANNING OR THE EXPIRATION OF FUNDS.**

This requirement does not result from lack of planning or the expiration of funds. ACA has strict timelines that have been mandated by the IRS Commissioner.

**ADDITIONAL APPROVALS**

<b>OVER \$650,000</b>	14. BUREAU COMPETITION ADVOCATE (Name & Title) Victor G. Onorato Director, Resources and Operations Management	<input checked="" type="checkbox"/> APPROVE  <input type="checkbox"/> DISAPPROVE	(Signature)  <b>7GKC B</b>	Digitally signed by 7GKCB DN: cn=7GKCB, email=Victor.Onorato@ irs.gov Date: 2013.08.12 08:52:30 -04'00'	(Phone No.) [REDACTED]
					(Date)
<b>OVER \$12.5 MILLION</b>	15. BUREAU HEAD OR SENIOR EXECUTIVE SERVICE DESIGNEE (Name & Title)	<input type="checkbox"/> APPROVE  <input type="checkbox"/> DISAPPROVE	(Signature)		(Phone No.)
					(Date)
<b>OVER \$62.5 MILLION</b>	16. SENIOR PROCUREMENT EXECUTIVE (Name & Title)	<input type="checkbox"/> APPROVE  <input type="checkbox"/> DISAPPROVE	(Signature)		(Phone No.)
					(Date)
<p><b>NOTE:</b> Each review must be preceded by lower level approval(s), e.g., over \$62.5 million all approvals are required. <b>IN NO CASE WILL AN INDIVIDUAL SIGN MORE THAN ONE APPROVAL LEVEL.</b></p>					

**CONTROL NO. FO 2013- 31**