Decision

Matter of: BDO USA, LLP

File: B-416504

Date: September 14, 2018

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DIGEST

Protest challenging the agency’s rejection of the protester’s quotation as ineligible for award under a solicitation issued to vendors under the General Services Administration’s (GSA) Professional Supply Schedule (PSS) is denied, where the protester failed to establish that the entity holding the GSA PSS contract possessed a secret facility clearance at the time it submitted its quotation, as required by the solicitation.

DECISION

BDO USA, LLP (BDO), of Chicago, Illinois, protests its exclusion from the competition by the United States Transportation Command under request for quotations (RFQ) No. HTC711-18-Q-D011 for joint financial operations and systems support services. The protester contends that the agency improperly concluded that its quotation was ineligible for award.

We deny the protest.

BACKGROUND

The agency issued the RFQ on April 24, 2018, to holders of General Services Administration (GSA) Federal Supply Schedule (FSS) Professional Services Schedule (PSS) contracts using Federal Acquisition Regulation (FAR) subpart 8.4 procedures. Agency Report (AR), Tab 3, RFQ, at 1, 6. The services required include accounting...
and financial operations, audit readiness in compliance with generally accepted accounting principles, and a broad spectrum of systems support for the agency. AR, Tab 4, Performance Work Statement (PWS), at 1.

As relevant to the protest, the RFQ required that an offeror\(^1\) submit a cover letter identifying the commercial and government entity (CAGE) code, GSA PSS contract number, and data universal numbering system (DUNS) number of the prime contractor and any teaming partner/subcontractor.\(^2\) RFQ at 3. The RFQ also required that contractors complete the Department of Defense Contract Security Classification Specification form (DD Form 254) provided with the RFQ. Id.; see also, RFQ, attach. 4, DD Form 254. The PWS included requirements for information technology and automated data processing that mandated the contractor have a minimum facilities clearance (FCL) at the secret or higher level. PWS at 31. The PWS further stated:

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\text{The contractor must have and maintain a valid FCL at the SECRET level at [the] time of proposal submission. Interim FCLs are acceptable provided they are not expired. FCL procedures and security guidelines for adjudicative requirements are outlined in [Department of Defense] 5220.22-M [National Industrial Security Program Operating Manual (NISPOM).] FCLs and Interim FCLs must be awarded by the Defense Security Service Facility Clearance Branch.}
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Id. at 32. The RFQ stated that award would be made to the offeror whose quotation conformed to the solicitation requirements, to include all terms, conditions, representations, certifications, and all other information required by the solicitation and offered the best value to the government, considering technical capability, past performance and price. RFQ at 7.

On May 24, BDO timely submitted its quotation. In its cover letter, BDO identified CAGE code 6YTU0, GSA PSS contract number GS-00F-149CA, and DUNS number 047684840. AR, Tab 13, Email with BDO Cover Letter and Attachments, at 6. BDO’s DD Form 254 indicated it possessed a secret FCL located at [DELETED] Virginia, and identified its CAGE code as 6YTU0. Id. at 16. However, BDO’s GSA PSS contract

\(^1\) Although firms who compete for orders under the FSS are generally referred to as “vendors” that submit quotations, the record here uses the terms “offerors” and “vendors,” interchangeably.

\(^2\) The RFQ incorporated by reference FAR provision 52.204-16, Commercial and Government Entity Code Reporting. RFQ at 18. That provision explains that a CAGE code is an identifier assigned to entities located in the United States or its outlying areas by the Defense Logistics Agency CAGE Branch to identify a commercial or government entity. FAR provision 52.204-16(a). In addition, the provision states that an offeror must enter its CAGE code in its offer with its name and address or otherwise include it prominently in its proposal, the CAGE code entered must be for that name and address, and a CAGE code is required prior to award. FAR provision 52.204-16(c).
identifies its CAGE code as 32ZC7; BDO’s GSA PSS contract does identify the [DELETED] Virginia location as its ordering office. AR, Tab 42, BDO GSA PSS Contract, at 3, 4.

As a result of the CAGE code discrepancy, the agency performed research, as well as contacted BDO for clarification. In one communication, BDO explained that the CAGE code in the quotation should have been 32ZC7 and that CAGE code 6YTU0 belonged to BDO’s “wholly-owned subsidiary, BDO Public Sector, LLC.” AR, Tab 28, Email from BDO to Agency, June 8, 1:27 p.m., at 2. On June 12, the agency advised BDO that it was ineligible for consideration for award, stating:

The Government cannot award a task order using [GSA PSS contract number GS-00F-149CA] using CAGE code 6YTU0 as it is not the CAGE code for GS-00F-149CA. In addition, the CAGE code 6TYU0, does not have an active System for Award Management (SAM) registration. CAGE codes and DUNS numbers are essential requirements of an offer and improper CAGE codes and/or DUNS numbers render such offers non-responsive. . . . Further, the alternate CAGE code which you offered, 32ZC7 (GSA PSS # GS-00F-149CA, DUNS 047684840), does not have an active Secret facility clearance, which is a requirement.

AR, Tab 32, Ineligible for Award Letter, at 1. On June 21, BDO filed this protest.

DISCUSSION

BDO argues that the agency’s ineligibility determination is improper because its quotation satisfies the RFQ’s requirements. Specifically, BDO argues that it incorrectly entered CAGE code 6YTU0, which corresponds to a division of BDO that holds a secret-level FCL, in its quotation cover letter. Protest at 3. BDO states that when contacted by the agency for clarification, it provided CAGE code 32ZC7, which corresponds to BDO’s GSA PSS contract, and is the CAGE code set forth in BDO’s SAM registration at the time it submitted its quotation. Protest at 4-5. The protester further contends that the agency’s ineligibility determination is improper because BDO provided a facility (CAGE code 6YTU0) with an active secret FCL. BDO argues that nothing in the RFQ requires that the CAGE code and DUNS number provided by the offeror correspond with the CAGE code for the secret-level cleared facility. Id. at 5-6.

Where, as here, an agency issues a solicitation to FSS contractors under FAR subpart 8.4 and conducts a competition, we will review the record to ensure that the agency’s evaluation is reasonable and consistent with the terms of the solicitation. O’Gara-Hess & Eisenhardt Armoring Co., LLC, B-415178.2, B-415178.3, Apr. 18, 2018, 2018 CPD ¶ 160 at 6. We have long recognized that the evaluation of proposals is a matter within the discretion of the procuring agency; we will question the agency’s evaluation only where the record shows that the evaluation does not have a reasonable basis or is inconsistent with the solicitation. Ocê Gov’t. Servs., Inc., B-409922, Sept. 18, 2014, 2014 CPD ¶ 277 at 4. It is an offeror’s responsibility to submit a well-written proposal,
with adequately detailed information which clearly demonstrates compliance with the solicitation requirements and allows a meaningful review by the procuring agency. **CSI Aviation, Inc., B-415631 et al., Feb. 7, 2018, 2018 CPD ¶ 68 at 11.**

The record shows that the agency performed research to clarify the confusion about the two different CAGE codes (CAGE code 6YTU0 set forth in the quotation and DD Form 254, and CAGE code 32ZC7 for BDO’s GSA PSS contract) and determine whether BDO possessed a secret FCL as required by the RFQ. For example, the agency searched government databases, and found the following:

- **BDO, located at [DELETED] Virginia, with CAGE code 6YTU0, possessed an active secret FCL.** AR, Tab 21, FCL Search.
- **BDO, located in Bethesda, Maryland, with CAGE code 6YTU0 (and DUNS number 186516571), was not active in the SAM database, and had no information available for the immediate or highest level owner.** AR, Tab 22, 6YTU0 CAGE Search.
- **BDO, located in Chicago, Illinois, with CAGE code 32ZC7 (and DUNS number 047684840), was active in the SAM database, had no information available for the immediate or highest level owner, and was the immediate owner of BDO Public Sector, LLC (CAGE code 7PR40).** AR, Tab 23, 32ZC7 CAGE search.

In addition, on June 8, the agency advised BDO that it was completing its compliance check, and that the CAGE code provided in its quotation did not match its DUNS number. AR, Tab 27, Email from Agency to BDO, June 8, 10:53 a.m., at 2. BDO’s first response stated:

> The [CAGE] code listed in the submission is that of our wholly-owned subsidiary, BDO Public Sector, LLC. Please note that the [CAGE] code associated with BDO USA, LLP and the DUNS represented in our proposal should be 32ZC7. This [CAGE] code should be used in our response and replace the 6YTU0 [CAGE] code.

AR, Tab 28, Email from BDO to Agency, June 8, 1:27 p.m., at 2. BDO’s second response stated: “Our [CAGE] code is 6YTU0. This is for our Secret Clearance.” AR, Tab 27, Email from Agency to BDO, June 8, 2:24 p.m., at 1.

The agency then requested clarification regarding the two different and conflicting responses. BDO provided a further response, which stated: “I assume this solicitation requires a Secret Clearance. That is [CAGE] Code 6YTU0. The 32ZC7 is the [CAGE] Code for our GSA Contract under our National Headquarter[s’] address in Chicago, IL.” AR, Tab 28, Email from BDO to Agency, June 8, 2:38 p.m., at 1. In a subsequent communication, BDO continued to refer to the entity with CAGE code 6YTU0 as a subsidiary. AR, Tab 31, Email from BDO to Agency, June 11, 2018, 2:51 p.m., at 1 (“I am in the process of obtaining a DUNS for the BDO USA, LLP, [CAGE] Code 6YTU0 to show that as a subsidiary of BDO USA, LLP.”).
The agency argues that BDO cannot aggregate the qualifications of two different entities, the parent possessing the GSA PSS schedule contract and the subsidiary possessing the secret FCL, to meet the RFQ’s requirements. Memorandum of Law (MOL) at 9-13. The agency contends that the NISPOM, incorporated into the RFQ, requires as a general rule that a parent organization have an FCL at the same or higher level as a subsidiary. Contracting Officer’s Statement (COS) at 10 (citing NISPOM § 2-109); MOL at 13. The agency argues that it properly found BDO ineligible for award because the BDO entity with CAGE code 32ZC7 that holds a GSA PSS contract does not possess a secret FCL. COS at 10; MOL at 14-17.

In its comments, the protester--for the first time--clarifies that its [DELETED] Virginia office is not a subsidiary of BDO (CAGE code 32ZC7), but is “a branch office that is part of the larger BDO USA contracting entity.” Comments at 1-2. The protester further explains that the reason there is a separate CAGE code for its [DELETED] Virginia office (formerly located in Bethesda, Maryland) is because the Defense Security Service required BDO to be assigned a separate CAGE code unique to its business location that would be granted the FCL. Id. at 3-4; see also id. Exh. 1, Decl. of Director of Contracts/Facility Security Officer, at 1-2. The protester also states that BDO Public Sector, LLP is a recently-established subsidiary that is in the process of applying for its own separate FCL, but has no relation to the solicitation or the protest. Id. at 4. BDO argues that it is eligible for award because it is a single entity that possesses both a GSA PSS contract and a secret FCL, and the agency “is reading into the Solicitation a requirement that does not exist—which is the CAGE code for the Offeror and the CAGE code for the Secret FCL be identical.” Id. at 6.

Even if the representations provided by BDO in its comments are true, this information was not available to the agency when it was evaluating BDO’s quotation. Moreover, we disagree with the protester that its identification of different CAGE codes was

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3 The protest refers to the [DELETED] Virginia location as a “division” of BDO. See Protest at 3, 4, and 6.

4 The comments provided a declaration from BDO, which states, in pertinent part: “To the best of my knowledge the SAM information in Exhibit 4 reflects the information in SAM at the time BDO USA, LLP submitted its quote on May 24, 2018, with the only change being the addition of the [DELETED] office’s DUNS number.” Comments, Exh. 1, Decl. of Director of Contracts/Facility Security Officer, at 2 (¶ 19). Exhibit 4 provides information from the SAM database for “BDO USA, LLP” located in Chicago, Illinois (DUNS number 047684840, CAGE code 32ZC7) and “Bdo Usa, Llp” (DUNS number 057399758, CAGE code 6YTU0) located in [DELETED] Virginia, and indicates that the immediate owner of Bdo Usa, LLP is BDO USA, LLP. Comments, Exh. 4, SAM data. We note, however, that Exhibit 4 also indicates that the initial registration date for Bdo Usa, Llp in SAM is June 15, 2018, which post-dates the May 24 proposal submission date as well as the June 12 date on which BDO was advised that its quotation was ineligible for award. Id. at 5. Therefore, this information would not have been available in SAM when the agency was performing its research.
inconsequential under these circumstances. The RFQ here required that an offeror submit a cover letter identifying the CAGE code, GSA PSS contract number, and DUNS number of the prime contractor and any teaming partner/subcontractor. RFQ at 3. The RFQ also required that contractors complete the DD Form 254 because the “contractor must have and maintain a valid FCL at the SECRET level at [the] time of proposal submission.” PWS at 31-32.

Information readily available, such as CAGE codes and DUNS numbers, must reasonably establish that differently identified entities are in fact the same concern. Raymond Express Intl., LLC, B-409872.3 et al., Sept. 11, 2015, 2015 CPD ¶ 265 at 6-7. CAGE codes are assigned to discrete business entities for a variety of purposes (e.g., facility clearances, pre-award surveys, and tracking the ownership of technical data) to dispositively establish the identity of a legal entity for contractual purposes. Gear Wizzard, Inc., B-298993, Jan. 11, 2007, 2007 CPD ¶ 11 at 2; National Found. Co., B-253369, Sept. 1, 1993, 93-2 CPD ¶ 143 at 2 n.1. CAGE codes and DUNS numbers are used to identify the entity that is the offeror for a given procurement. URS Grp., Inc., B-402820, July 30, 2010, 2010 CPD ¶ 175 at 4; see also FAR § 4.1803. In the documents submitted by BDO, the CAGE code for the offering entity is different than the CAGE code in the quotation for the entity with the FCL.

Specifically, in the quotation’s cover letter, BDO stated its CAGE code was 6YTU0. BDO also provided a DD Form 254 in its quotation showing it has a secret FCL for its location in [DELETED] Virginia, with a CAGE code of 6YTU0. BDO’s CAGE code for its GSA PSS contract is 32ZC7. In its response to the agency’s request for clarification, the protester informed the agency that CAGE code 6YTU0 belonged to BDO’s wholly-owned subsidiary BDO Public Sector, LLC. BDO’s subsequent communications with the agency did not correct this prior statement, and the information readily available to the agency did not affirmatively establish that the BDO entity holding the GSA PSS contract possessed a secret FCL. The record therefore supports the reasonableness of the agency’s decision to find BDO’s quotation ineligible for award because its quotation and subsequent clarifications failed to establish that it satisfied the RFQ’s requirements.

The protest is denied.

Thomas H. Armstrong
General Counsel

5 Although the agency’s research showed that the CAGE code for BDO Public Sector, LLC is 7PR40, and not 6YTU0, BDO’s response confirmed what the agency’s research otherwise indicated, that BDO Public Sector, LLC was a subsidiary of BDO. See AR, Tab 23, 32ZC7 CAGE search. Since, as noted, there was no SAM registration for the entity with CAGE code 6YTU0 at the time the agency performed its research, the agency had no reason to know that the entity with CAGE code 6YTU0 was not in fact a BDO subsidiary as BDO stated in its response.