

**United States Government Accountability Office  
Washington, DC 20548**

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## Decision

**Matter of:** CliftonLarsonAllen, LLP

**File:** B-412938; B-412938.2

**Date:** July 11, 2016

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Alexander J. Brittin, Esq., Brittin Law Group, P.L.L.C., and Jonathan D. Shaffer, Esq., and Mary Pat Buckenmeyer, Esq., Smith Pachter McWhorter PLC, for the protester.

Jason A. Carey, Esq., J. Hunter Bennett, Esq., John W. Sorrenti, Esq., Julia A.C. Lippman, Esq., and Michael T. Wagner, Esq., Covington & Burling, LLP, for Kearney & Company, P.C., the intervenor.

Sherry Kinland Kaswell, Esq., Department of the Interior, for the agency.

Heather Weiner, Esq., and Jennifer D. Westfall-McGrail, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

Protest challenging the agency's evaluation of the protester's and awardee's technical proposals is denied where the evaluation was reasonable and consistent with the stated evaluation criteria, and reflected equal treatment of the vendors.

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### DECISION

CliftonLarsonAllen, LLP (CLA), of Calverton, Maryland, protests the issuance of a task order by the Department of the Interior (DOI), Acquisition Services Directorate, to Kearney & Company, P.C.<sup>1</sup> of Alexandria, Virginia, under request for quotation (RFQ) No. D16PS00035 for financial statement and performance audit services for the National Science Foundation (NSF), Office of Inspector General (OIG). CLA challenges the agency's evaluation and source selection decision.

We deny the protest.

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<sup>1</sup> The order was issued against Kearney's General Services Administration Federal Supply Schedule (FSS) contract.

## BACKGROUND

The RFQ was issued pursuant to Federal Acquisition Regulation (FAR) subpart 8.4 to holders of FSS contracts for financial and business solutions services (Schedule 520-16) and loan servicing and asset management services (Schedule 520-5), for financial statement audit services, as well as audit services relating to compliance with the Federal Information Security Management Act (FISMA). The solicitation also provided optional tasks for ensuring compliance with the Improper Payments Elimination and Recovery Act (IPERA) and Digital Accountability and Transparency Act (Data Act). Id. at 1. The RFQ anticipated the issuance of a hybrid fixed-price and labor-hour task order for a base year with four 1-year options. Id. at 3. Vendors were informed that the task order would be issued on a best-value basis, considering the following five factors: (1) technical audit approach; (2) staffing plan; (3) past performance; (4) independence/quality control assurance statement; and (5) price. The non-price factors were of equal importance, and price was the least important factor. If quotations were evaluated as technically equal, however, price would become more important in selecting the successful contractor.

Under the technical audit approach factor, the RFQ stated that the evaluation would be based, in relevant part, on the schedule of proposed hours by phase and staff levels. Id. at 9. Under the staffing approach factor, the solicitation required that the vendor provide the resumes of key personnel who would perform the work under the task order, and specified that evaluation of the vendor's staffing plan would be based on the competence of the staff members conducting audits, to include, as relevant here, "[s]kills appropriate for the audit work being conducted." Id. at 4, 9.

### DOI's Evaluation

DOI received quotations from three vendors, including incumbent CLA and Kearney, which were evaluated by the agency's source selection evaluation team using adjectival rating schemes set forth in the RFQ.<sup>2</sup> The final evaluation ratings and prices of the CLA and Kearney quotations were as follows:

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<sup>2</sup> Specifically, quotations were evaluated under the non-price factors as excellent/very low risk, very good/low risk, satisfactory/moderate risk, and poor/unacceptable/high risk. RFQ at 8-9.

	CLA	KEARNEY
TECHNICAL	VERY GOOD	EXCELLENT
Technical Audit Approach	Very Good/ Low Risk	Excellent/ Very Low Risk
Staffing Plan	Very Good/ Low Risk	Excellent/ Very Low Risk
Past Performance	Excellent/ Very Low Risk	Excellent/ Very Low Risk
Independence/ Quality Control	Excellent/ Very Low Risk	Excellent/ Very Low Risk
PRICE	\$4,721,032.25	\$4,910,373.00

Agency Report (AR), Tab 15, Award Decision Document, at 4.

Based on the evaluation of the vendor’s quotations, the source selection authority (SSA) concluded that Kearney’s quotation provided the best value under the terms of the solicitation. In comparing Kearney’s and CLA’s quotations, the SSA acknowledged that Kearney’s quotation was more highly rated under the non-price factors. Id. at 7. The SSA noted that Kearney’s quotation received “Excellent” ratings for all the components of its technical quote” and “did not have any deficiencies or weaknesses,” as compared to CLA which “received ‘Very Good’ to ‘Excellent’ ratings for the components of its technical quote” and “did not have any deficiencies but did have a few weaknesses.” Id. With regard to CLA’s weaknesses, the SSA noted that “CLA[’s] staffing plan did not propose enough hours for the IT Director (Manager) that will support both the FISMA and financial statement engagements which has a heavy impact on the IT work,” which is “a concern and presents a risk due to the complexities of the IT environment.” Id. The SSA also explained that “CLA did not have a strong staffing plan for the IPERA or the IT work” and that the “staff assigned to the IPERA work does not appear to have significant experience with IPERA.” Id.

In addition, although the SSA acknowledged that Kearney’s total order value was more than CLA’s, the SSA found that Kearney “offered the best value in [price] considering the level of effort and labor categories proposed.” Id. Specifically, the SSA noted that Kearney proposed 45,603 total hours, which the SSA explained was “approximately 2000 hours per year (10,000 hours over the life of the order) more than CLA,” which proposed 35,275 total hours. Id. The SSA also noted that Kearney’s “overall price difference is only \$189,340.75 more than CLA’s over the 5 years of the order. Id. Accordingly, the SSA concluded that Kearney’s quotation offered the best value to the government, and awarded the order to that firm. Id. On March 25, the agency notified CLA regarding the award to Kearney, and provided CLA with a brief statement regarding the agency’s award determination. AR, Tab 16, Unsuccessful Offeror Letter (March 25, 2016), at 1-2.

On March 31, the agency provided CLA with an oral debriefing. This protest followed.

## DISCUSSION

CLA challenges the evaluation of its and Kearney's technical quotations. With regard to its own quotation, CLA challenges two weaknesses--one assessed under the technical audit approach factor, and one under the staffing plan factor. In addition, the protester asserts that the agency's risk assessment of CLA's quotation failed to consider CLA's past performance, as required by the RFQ.<sup>3</sup> With regard to Kearney's quotation, the protester contends that the agency's failure to assign a weakness to Kearney's quotation was unreasonable, given Kearney's alleged lack of grant audit experience. The protester also argues that the agency's evaluation in this regard reflects disparate treatment. For the reasons discussed below, we find no basis to sustain the protest.<sup>4</sup>

Where, as here, an agency issues an RFQ to FSS vendors 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. Digital Sols., Inc., B-402067, Jan. 12, 2010, 2010 CPD ¶ 26 at 3-4; DEI Consulting, B-401258, July 13, 2009, 2009 CPD ¶ 151 at 2. In reviewing a protest challenging an agency's technical evaluation, our Office will not reevaluate the quotations; rather, we will examine the record to determine whether the agency's evaluation conclusions were reasonable and consistent with the terms of the solicitation and applicable procurement laws and regulations. OPTIMUS Corp., B-400777, Jan. 26, 2009, 2009 CPD ¶ 33 at 4. A protester's disagreement with the agency's judgment, without more, does not establish that an evaluation was unreasonable. DEI Consulting, supra. For procurements conducted under FAR subpart 8.4 that require a statement of work, such as this one, FAR § 8.405-2(e) designates limited documentation requirements, requiring only that the agency's evaluation judgments be documented in sufficient detail to show they are reasonable. Arrington Dixon & Assocs., Inc., B-409981, B-409981.2, Oct. 3, 2014, 2014 CPD ¶ 284 at 5.

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<sup>3</sup> In its initial protest, CLA also argued that the agency improperly assessed weaknesses to its quotation for a typographical error and for not being sufficiently proactive. The protester subsequently withdrew these allegations. Protester's Comments at 14.

<sup>4</sup> Although our decision does not specifically address each of CLA's arguments, we have fully considered each of them and find that none provides a basis to sustain the protest.

## Evaluation of CLA's Technical Quotation

CLA first challenges DOI's finding under the technical audit approach factor that its quotation failed to propose sufficient hours for CLA's IT manager. In particular, the evaluators assessed a weakness to CLA's quotation because its proposed staffing plan proposed "only 210 hours per year for the IT Director (manager) for both the FISMA and financial statement engagements." AR, Tab 10, CLA Tech. Eval., at 2. Specifically, the evaluators stated that CLA's proposed technical audit approach is "comprehensive," but its staffing plan proposes only 210 hours per year for the IT Director, which the evaluators found "presents a risk due to the complexities of the IT environment." Id. As relevant here, the contracting officer explains that in performing the same requirement under the incumbent contract, CLA's IT manager worked 233 hours. Contracting Officer Statement (COS) at 11. The evaluators expressed concern that, in years past, when CLA performed this requirement on the incumbent contract, the agency had trouble getting timely responses from the IT team and the IT manager changed frequently. AR, Tab 10, CLA Tech. Eval., at 2. Specifically, the evaluators explained that "[d]ue to the heavy impact of the IT work on the overall contract," the reduction in the IT manager's hours "is cause for concern." Id.

The protester does not dispute that CLA proposed fewer hours for the IT manager than had been provided under the incumbent contract. Protester's Comments at 5-6; Protester's Supp. Comments at 5. Rather, the protester argues that the decrease in its proposed IT manager hours was not material to its proposed staffing plan, and therefore did not merit a weakness, because CLA proposed an increase of 3 percent in overall IT hours. The protester also contends that the agency ignored efficiencies noted in CLA's quotation, which supported CLA's proposed reduction in IT manager hours.<sup>5</sup> For the reasons discussed below, we find no merit to either argument.

As set forth above, the solicitation stated that the evaluation of the vendor's technical audit approach would be based on the schedule of proposed hours by phase and staff levels. RFQ at 9. As also previously discussed, CLA proposed 210 hours per year for the IT manager position. AR, Tab 6, CLA Tech. Quotation, at 45.

We conclude that the record supports the reasonableness of the agency's evaluation. With regard to the protester's contention that the agency's concern should have been mitigated by the fact that CLA's quotation proposed an increase in overall IT hours, the evaluation record reflects that DOI's concern related

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<sup>5</sup> Specifically, CLA contends that its quotation noted certain efficiencies in time and cost savings based on its experience with the NSF's new financial system (iTRAK). Protester's Comments (May 12, 2016), at 7.

specifically to IT manager hours, not overall IT hours. AR, Tab 10, CLA Consensus Tech. Eval., at 2. In this regard, the evaluators found that 210 hours for the IT manager position “presents a risk due to the complexities of the IT environment.” Id. They also expressed their concerns regarding their experience with the IT manager position on the incumbent contract. Id. In addition, as the contracting officer explains in response to the protest: “[o]ur concern was in the responsiveness of the IT team, which is fundamentally the responsibility of the IT Manager.” Supp. COS at 5. Specifically, the contracting officer states that “[r]educing the IT Manager’s hours by almost 10% increases the risk that time sensitive requests and issues will not be promptly addressed.” Supp. COS at 5. CLA’s contention that the agency’s concern should have been mitigated by the increase in its proposed overall IT hours is unpersuasive, and represents nothing more than disagreement with the agency’s judgement. See Ben-Mar Enters., Inc., B-295781, Apr. 7, 2005, 2005 CPD ¶ 68 at 7.

CLA further asserts that it reasonably proposed fewer IT manager hours based on efficiencies associated with its experience using the NSF’s new cloud-based, federal financial accounting system (referred to as the “iTRAK system”). The record reflects, however, that NSF has not yet received the required certification to use the iTRAK system for the fiscal year 2016 audit. COS at 12. As the contracting officer explains in response to the protest, “[s]ince the full . . . authorization was not in place at the time of the evaluation and currently still is not in place, the evaluation of the quote’s weakness with respect to the IT Manager’s hours was valid at the time of the evaluation and is still valid.” Supp. COS at 5. Based on this record, we find nothing unreasonable regarding the agency’s evaluation. To the extent CLA contends that the agency improperly failed to consider its proposed efficiencies, the protester’s disagreement with the agency’s evaluation provides no basis to sustain the protest. See Ben-Mar Enters., Inc., supra.

Next, CLA challenges DOI’s assessment of a weakness to its quotation under the staffing approach factor based on CLA’s lack of IPERA experience. As set forth above, under the staffing approach factor, the solicitation required that the vendor provide the resumes of key personnel who would perform the work under the task order, and specified that evaluation of the vendor’s staffing plan would be based on the competence of the staff members conducting audits, to include, as relevant here, “[s]kills appropriate for the audit work being conducted.” RFQ at 4, 9.

In assessing a weakness to CLA’s quotation under this factor, the evaluators explained that “[t]he Offeror has a strong staffing plan for the [financial statement work], but not as strong for the IPERA or the IT work.” AR, Tab 10, CLA Consensus Tech. Eval., at 2. They also stated that “[t]he staff assigned to the IPERA work do not appear to have significant past IPERA experience.” Id. at 2.

In challenging the weakness, the protester details the experience of the person it proposed for IPERA responsibilities. Specifically, the protester asserts that this

individual has “developed extensive grant accounting, and internal control experience knowledge over his long career performing financial statement audits for grant making agencies and audits of agency grantees” and that “[t]his experience is comparable to, and at least as important as, specific experience performing an IPERA audit.” Protest at 18.

In response, the agency disagrees that knowledge about grant accounting and internal control experience, obtained through performing financial statement audits for grant making agencies and audits of agency grantees is comparable to, or as important as, experience performing an IPERA audit. AR at 7. Specifically, the contracting officer explains that determining whether an agency complies with IPERA is not a minor project and in NSF OIG’s experience, IPERA audits require “a significant learning curve.”<sup>6</sup> COS at 13. According to the agency, the experience required for the IPERA audit work “must be obtained through experience conducting IPERA compliance engagements.” COS at 14.

We conclude that the agency reasonably assessed a weakness to CLA’s quotation under the staffing approach factor based on the agency’s determination that the staff assigned to perform IPERA audit work did not have significant past IPERA audit experience.<sup>7</sup> The protester has failed to point to any information in CLA’s quotation demonstrating that any of the individuals proposed for IPERA audit work

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<sup>6</sup> The contracting officer further explains that the IPERA audits conducted at NSF in FY [fiscal year] 2012 and 2014 were “complex engagements” that required a significant learning curve and a substantial amount of testing on the part of the previous audit firm even though the audit firm already had experience conducting IPERA audits at other grant-making agencies as well as experience conducting grant audits for NSF-OIG. COS at 13. The contracting officer notes that this is because “IPERA and the associated OMB [Office of Management and Budget] guidance are not specifically written for grant-making agencies.” *Id.* The firm that performed the 2012 and 2014 IPERA audits did not submit a quotation in response to the NSF’s fiscal year 2015 IPERA solicitation. COS at 14. The contracting officer states that, due to the lack of experience demonstrated by the vendors that responded to the 2015 solicitation, as well as the sensitivity of this type of work, the agency cancelled the solicitation and is currently performing the work in-house. *Id.*

<sup>7</sup> CLA also asserts unequal treatment in connection with the agency’s assessment of a weakness for CLA’s lack of IPERA audit experience. Specifically, the protester contends that while Kearney proposed only grant consulting experience (in contrast to grant auditing), DOI failed to assess a weakness to Kearney’s quotation. As discussed in detail below, we find reasonable the agency’s evaluation of Kearney’s quotation. Accordingly, we find no merit to the protester’s assertion of disparate treatment, which in our view, is premised on an inappropriate “apples and oranges” comparison of the vendors’ quotations.

have any experience conducting IPERA audits. Protester's Comments at 12-14; Protester's Supp. Comments at 5-7. Further, although the protester argues that the qualifications of the individuals it proposed to perform the IPERA audit work should have been viewed more favorably by the agency, its position again reflects nothing more than disagreement with the agency.<sup>8</sup>

Finally, the protester argues that the agency failed to evaluate risk as specified by the RFQ. As relevant here, the RFQ provided that "[t]he Government will assess the relative risks associated with each [vendor]" and that "[p]erformance risks are those associated with [a vendor's] likelihood of success in performing the acquisition requirements as indicated by that offeror's record of past performance." RFQ at 10. The protester does not dispute that the solicitation permitted the agency to assess risk under the technical evaluation factors, or that the evaluators in fact assessed risk to CLA's quotation under two of the technical evaluation factors. Rather, the protester contends that this solicitation provision required the agency to use CLA's "excellent" past performance rating to off-set any risks assessed to CLA's quotation under the technical factors.

The agency disagrees that the RFQ provided that technical risk could be ameliorated by a vendor's excellent past performance rating. The agency argues in this connection that "[a] stellar record of past performance on prior contracts, for example, does not mean that an inadequate proposal is without risk." AR at 3. Instead, the agency contends that the RFQ included language for the consideration of risk under both the technical evaluation factors and the past performance evaluation factor. Id. The agency notes that the particular solicitation provision referenced by the protester provided for the assessment of the "relative risks associated with each offeror," which specifically stated that "[p]erformance risks are those associated with an offeror's likelihood of success in performing the acquisition requirements as indicated by that offeror's record of past performance." RFQ at 10.

Where a protester and agency disagree over the meaning of solicitation language, we will resolve the matter by reading the solicitation as a whole and in a manner that gives effect to all of its provisions; to be reasonable, and therefore valid, an

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<sup>8</sup> Also, while the protester contends that other information in its quotation describing its IPERA audit approach demonstrates the unreasonableness of the agency's assessment of the weakness, the agency points out that the parts of the quotation cited by the protester "simply listed the six requirements [for IPERA audits as identified by the OMB] and stated that it would conduct the audit." Supp. COS at 7 (citing page 23 of CLR's Technical Quotation). Specifically, the contracting officer notes that CLA's quotation "merely restates the requirements as identified by OMB guidance," and as such "we [had] no evidence of CLA's understanding of the requirements in the IPERA task." Supp. COS at 7. On this record, we find no basis to sustain the protest.

interpretation must be consistent with the solicitation when read as a whole and in a reasonable manner. Alluviam LLC, B-297280, Dec. 15, 2005, 2005 CPD ¶ 223 at 2; Fox Dev. Corp., B-287118.2, Aug. 3, 2001, 2001 CPD ¶ 140 at 2.

We conclude that the agency's interpretation of the RFQ, when read as a whole, is reasonable. The solicitation clearly permitted the agency to assess risk under both the technical evaluation factors and the past performance factor, which, as noted above, the protester does not dispute. Protester's Supp. Comments at 3. Although the protester asserts that the agency was required to use CLA's excellent past performance rating to neutralize its technical risk, the protester has failed to identify any provision in the RFQ that required the agency to mitigate or counter-balance risk in the manner it asserts. Further, as previously discussed, the record reflects that the agency did in fact consider aspects of the protester's prior performance in evaluating risk under the technical factors. See AR, Tab 10, CLA Tech. Eval., at 2 (discussing performance risk based on past performance of CLA's IT manager on the incumbent contract). Accordingly, we find that the protester's allegations are not supported by the record.

#### Evaluation of Kearney's Technical Quotation

The protester also challenges DOI's evaluation of Kearney's technical quotation under the audit approach factor, arguing that Kearney lacks any grant audit experience as required by the RFQ. For the reasons discussed below, we find that the agency's evaluation of Kearney's quotation under the audit approach factor was reasonable.

The protester's argument is based on its assertion that "Kearney's experience is predominantly in providing **consulting services** to its federal clients that have grant operations, not in performing financial statement audit services to large grant making agencies." Protester's Comments at 16 (emphasis in original). The protester's argument, however, is not supported by the record.

As relevant here, under the technical audit approach factor, the RFQ stated that a vendor's audit approach would be evaluated based on "[t]he audit methodology and approach to be used for both the financial statement audit and FISMA review with an emphasis on testing grants to complete the work with the timeframes specified in the statement of work." RFQ at 9. The contracting officer explains that this language was included in the RFQ because "the testing of grant transactions is a substantial component of the agency's internal control over financial reporting," and that this "requires testing various grant processes and controls, including those over awarding, monitoring, managing, making payments, and closing-out awards." Supp. COS at 6. The contracting officer explains that "Kearney's proposal demonstrated experience in conducting financial statement audits of agencies whose activities are primarily grant-related." Supp. COS at 6. Specifically, the agency notes that Kearney's quotation reflects that it has conducted "the full-scope,

independent financial statement audit . . . and annual [FISMA] evaluation of the Corporation for National and Community Service (CNCS),” which is an organization that has awarded almost \$1 billion in federal funding to non-profit and educational organizations. AR, Tab 7a, Part 2, Kearney Tech. Quotation, App. B-2, B-3; Supp. COS at 6. Kearney’s quotation demonstrates that it has conducted the same type of audits at the Department of State and the Broadcasting Board of Governors. Id. at B-6, B-12. Kearney’s quotation also indicates that several of its proposed key personnel have significant relevant experience. Id. at A-3, A-21, A-33, A-34. Based on this record, we find nothing unreasonable regarding the agency’s evaluation.<sup>9</sup>

The protest is denied.

Susan A. Poling  
General Counsel

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<sup>9</sup> CLA also challenges the agency’s best-value tradeoff analysis, arguing that it was based on a defective evaluation. Because, as previously discussed, we conclude that the agency’s evaluation was reasonable, we need not address this aspect of the protest.