

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Comptroller General of the United States

Decision

DOCUMENT FOR PUBLIC RELEASE

The decision issued on the date below was subject to a GAO Protective Order. This redacted version has been approved for public release.

Matter of: Leidos, Inc.

File: B-417994

Date: December 17, 2019

Paul F. Khoury, Esq., and J. Ryan Frazee, Esq., Wiley Rein LLP, for the protester. Anne B. Perry, Esq., Townsend L. Bourne, Esq., and Keeley McCarty, Esq., Sheppard Mullin Richter & Hampton LLP, for Science Applications International Corporation, the intervenor.

Colonel Patricia S. Wiegman-Lenz, Lietenant Colonel John C. Degnan, Lawrence M. Anderson, Esq., Sean M. Hannaway, Esq., Amy E. Bryan, Esq. and Major Douglas M. Arnett, Department of the Air Force, for the agency.

Mary G. Curcio, Esq., and Laura Eyester, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest challenging exclusion of protester from procurement is denied where contracting officer reasonably determined that proposed subcontractor's responsibility as a subcontractor under a program related to the procurement created a potential impaired objectivity organizational conflict of interest that was not mitigated by firewall or proposed recusal.

DECISION

Leidos, Inc., of Reston, Virginia, protests the elimination for consideration for award of the proposal it submitted in response to Fair Opportunity Proposal Request (FOPR) No. FA8726-19-F-0096, issued by the Department of the Air Force for the Common Computing Environment (CCE) Cloud follow-on award.¹ Leidos asserts that the Air Force unreasonably determined that it was nonresponsible, and ineligible for award, because of impaired objectivity and unequal access to information organizational conflicts of interest (OCI) created by its proposed subcontractor (Subcontractor A).

¹ The CCE program is now known as the Cloud One program. Contracting Officer's Statement and Memorandum of Law (COS/MOL) at 4.

We deny the protest.

BACKGROUND

Air Force Programs

The Air Force is embarking on a fundamental digital transformation of the Department of Defense (DOD) Information Technology (IT) enterprise with respect to how the Air Force acquires IT and how enterprise IT enables core missions and the use of data as a strategic asset. COS/MOL at 2; Agency Report (AR), Tab 36, Decl. of Program Manager for Acquisition and Resourcing on Enterprise Information as a Service (EITaaS), at 1. The Air Force Enterprise IT and Cyber Infrastructure Division (HNI) is responsible for this mission. Agency Response to GAO, Nov. 18, 2019, at 2. HNI is subdivided into divisions including: CCE, Technology and Strategic Planning (HNIX), and Enterprise IT as a Service (HNIT). <u>Id.</u>, attach. 2, Organizational Slides.

HNIX is responsible for strategic planning for HNI, and seeks to create a master HNI brand and find efficiencies and highlight critical need areas and opportunities to ensure that the Air Force is not left behind in adoption and leverage of current mainstream technologies. Protest at 5; Agency Response to GAO, Nov. 18, 2019, at 2. HNIX receives support through an advisory and assistance services (A&AS) contract. Id. Subcontractor A is a subcontractor on the A&AS contract and provides support to HNIX under that contract. Id.

The EITaaS program, under HNIT, is an experimental program that is currently focused on the agency's risk reduction effort (RRE). COS/MOL at 3. The EITaaS RRE leverages best practices from commercial industry to provide standardized, innovative, and agile IT services to the Air Force. Id. at 4. This includes providing protect, connect, storage, computing, hardware, software, common IT services, commodities, and hosting of enterprise mission and business systems. Id. EITaaS is an overarching strategic initiative to transform the entire Air Force network, and all of its existing programs, including the CCE program. Id. at 3-4; Tab 36, Decl. of Program Manager for Acquisition and Resourcing on EITaaS, at 1. The RRE will inform and define enterprise level cloud hosting requirements, including the agency's approach to application rationalization and migration to the cloud. Id.

The EITaaS RRE is divided into three lines of effort that concern experimental services for a small subset of the Agency's approximately 200 bases. Protester Comments at 5. The goal of each of these lines of effort is to procure commercially sourced IT services based on the requirements of the agency's initial requirements document. The three lines of services are network as a service, end user services (EUS), and compute and store (C&S), all of which are designed to experiment with how the agency will acquire enterprise IT services in the near future. COS/MOL at 4.

Network as a service includes base area network, wide area network, connectivity, and commercial solutions for classified activities. COS/MOL at 4-5; Tab 36, Decl. of

Program Manager for Acquisition and Resourcing on EITaaS, at 2. EUS includes IT service management, service desk, user devices and endpoint management. COS/MOL at 5; Tab 36, Decl. of Program Manager for Acquisition and Resourcing on EITaaS, at 2. C&S includes on premise and off premise compute and storage to include availability of applications, data and services. <u>Id.</u> As relevant here, the C&S RRE program provides a flexible and scalable hosting solution for applications and data, and requires the vendor to perform assessments for applications and data discovered at each base and provide suggestions on migrating applications, refactoring of applications to efficiently utilize cloud services, and migrating data and applications to the cloud solution. <u>Id.</u>

Subcontractor A, as a subcontractor on the A&AS contract, supports the three lines of effort on the EITaaS program. AR, Tab 20, Final OCI CCE Plan, at 31. Specifically, the initial EITaaS requirements document identifies the need for migration and transition readiness consulting by an IT service management architect. COS/MOL at 15; AR, Tab 30, EITaaS Requirements Document, at 2. Subcontractor A is the migration architect under the EITaaS contract. COS/MOL at 16.

The goal for the CCE program, which is under HNI and is the subject of the protested procurement, is to be the leading provider of state of the art cloud computing platforms, technologies, approaches and solutions. COS/MOL at 5; AR, Tab 37, Decl. of Source Selection Team Lead and Former CCE Program Manager, at 1. The program is an existing global interconnected, virtualized, hybrid, IT infrastructure that hosts mission systems, applications, services, and data. AR, Tab 17, FOPR Model Task Order, at 184. The mission of the CCE program is to provide common secure computing environments, standardized platforms, application migration and support services, and data management. COS/MOL at 5; AR, Tab 37, Decl. of Source Selection Team Lead and Former CCE Program Manager, at 1. The program has successfully transitioned more than 30 applications into commercial cloud hosting environments. COS/MOL at 5. Subcontractor A has been a subcontractor to Leidos on the CCE program since 2016, and on the incumbent effort prior to 2016. See Protest at 4. The CCE task order was set to expire in September 2019. AR, Tab 17, FOPR Model Task Order, at 184.

CCE Solicitation and OCI Plans

The agency issued the CCE solicitation for a follow-on award to all General Service Administration Alliant 2 governmentwide acquisition contract (GWAC) holders on May 17, 2019. AR, Tab 11, FOPR Letter, at 1. The scope of the award was to acquire managed cloud services based on industry best practices and processes. AR, Tab 17, FOPR Model Task Order, at 184. The solicitation contemplated award of a fixed-price, labor-hour, and cost-reimbursement task order. COS/MOL at 7. Proposals were due on June 14. AR, Tab 19, FOPR Amend. The solicitation provided the following instruction:

Alliant 2 GWAC vendors interested in this FOPR shall submit. . .an assessment of potential or actual Organizational Conflict of Interest (OCI)

issues, if any, as related to this FOPR. OCI issues include. . . the inability to render impartial assistance or advice to the Government, the inability to objectively perform contract work, or the unfair competitive advantage created by current or previous contractual efforts with the Government. A mitigation plan for any identified OCI shall be included. Prior to award, the [procurement contracting officer (PCO)] will review the submitted mitigation plan and make a determination as to whether the plan adequately meets the issues and provides adequate protection to both the company and the Government.

AR, Tab 11, FOPR Letter, at 1. The FOPR model task order also incorporated Air Force Federal Acquisition Regulation (FAR) Supplement clause 5352.209-9001, Potential Organizational Conflict of Interest, which states in pertinent part as follows:

(a) There is a potential organizational conflict of interest, as defined in FAR Subpart 9.5. . . in performance of the Common Computing Environment (CCE) program and any other applicable programs from 13 September 2011 to present. Accordingly:

* * * * *

(2) As a part of the proposal, the offeror shall provide the Contracting Officer with complete information of previous or ongoing work that is in any way associated with the contemplated acquisition...

AR, Tab 17, FOPR Model Task Order, at 137.

On April 30, following an industry day briefing, and before the FOPR was released, Subcontractor A submitted a draft OCI mitigation plan for the EITaaS program to the CCE PCO. AR Tab 10, Draft OCI Plan. The PCO responded on May 31, and notified Subcontractor A that the OCI mitigation plan was inadequate as it did not detail the current work that Subcontractor A was performing as an A&AS subcontractor under the EITaaS program, and the implications of performing that work if Subcontractor A was a subcontractor on the CCE award. COS/MOL at 18; AR Tab 16, Memorandum--Subcontractor A OCI Status, at 1. The PCO further advised Subcontractor A that while the company attempted to address an unequal access to information OCI, it failed to address an impaired objectivity OCI. <u>Id.</u>

The PCO requested that Subcontractor A submit a final OCI plan which included: a list of all DOD contracts relating to A&AS or CCE service support; more information on its prior participation on the CCE program during development of the strategic vision; an explanation of the processes and documentation regarding prohibition against transfer of information between each division; a description of Subcontractor A's A&AS program office support; and, information regarding Subcontractor A's adoption of any of the prime contractor's OCI agreements. COS/MOL at 19; AR, Tab 16, Memorandum-Subcontractor A OCI Status, at 1-2.

Subcontractor A submitted its final OCI mitigation plan on June 5, acknowledging two potential, but no actual, OCIs. Subcontractor A acknowledged that under the EITaaS program it helped the government define a strategic plan, metrics and architecture documentation, and assisted with the overall EITaaS program governance and management. AR, Tab 20, Final OCI CCE Plan, at 30-35. For the CCE program, Subcontractor A acknowledged that it developed strategic planning processes and road maps, as well as architectural inputs for the CCE effort, and managed and evaluated the technical approach of subcontractors for the CCE implementation activities. Id. at 37-38. In addition, Subcontractor A assisted the Air Force with integration efforts and oversight of other subcontractors, migration of the Air Force portal to Amazon Web Service, implementation of a strategic planning process, and guidance on the Air Force's transition to automation of cloud and IT technical operations. Id. at 38-39.²

Subcontractor A stated that there was a potential unequal access to information OCI as a result of non-public information which certain Subcontractor A personnel receive to support the selection of cloud risk reduction under the EITaaS program. AR, Tab 20, Final OCI CCE Plan, at 28. Subcontractor A did not believe that this information was likely to be relevant to the CCE program. Id. Subcontractor A also acknowledged a potential impaired objectivity OCI due to the potential that Subcontractor A's EITaaS personnel might be asked to provide advice with respect to the potential transition of the CCE program to overall authority of the EITaaS program. Id. Subcontractor A believed that there was no actual conflict of interest because none of its current work involved making recommendations or providing advice with respect to the CCE. Id. Subcontractor A stated that although it was possible that the government may move the CCE program under the EITaaS program, that event will not occur for the foreseeable future. Id. According to Subcontractor A, even if it did occur it would not affect Subcontractor A's financial or other interests with respect to the CCE program. Id.

Subcontractor A explained that in any case, any potential OCIs were mitigated because the EITaaS program is a separate, firewalled, organizational entity within Subcontractor

² Subcontractor A initially submitted a draft OCI mitigation plan to the senior materiel leader for HNI regarding the work it was performing for the CCE and EITaaS programs. AR, Tab 3, Initial OCI Plan. In that plan, Subcontractor A acknowledged that the CCE program could be complimentary to the future EITaaS requirements for C&S so that as part of the future RRE strategy for EITaaS, the government might subsume the current CCE tasks under the EITaaS C&S service area. Id. at 4. Subcontractor A also acknowledged that there was a potential for a perceived or actual overlap of requirements for the EITaaS C&S thread and CCE. Id.; AR, Tab 2, Subcontractor A Email to Agency, at 1 ("However, there is a potential for a perceived or actual overlap of requirements as it relates to EITaaS sub-thread 'Compute and Store'."). The agency requested additional information to support the plan. Subcontractor A did not respond until it submitted its draft plan in October 2018. In the October 2018 plan, Subcontractor A omitted the language recognizing the potential OCI. COS/MOL at 10-11; see AR, Tab 10, Draft OCI Plan.

A's federal line of business. <u>Id.</u> Subcontractor A explained that the Subcontractor A EITaaS program personnel who have access to potentially competitive-sensitive non-public government or third-party information by virtue of their performance of EITaaS work are subject to stringent non-disclosure agreements (NDA), and are prohibited from supporting proposed efforts where such information may be useful, including the CCE competition. <u>Id.</u> Only the Subcontractor A senior vice president, with overall supervisory authority over the EITaaS program, and the branding marketing team support both programs. <u>Id.</u> at 29. The senior vice president and the marketing team do not have access to any EITaaS protected information. <u>Id.</u> Further, the branding team's work product repository is separate from that of the general EITaaS team. <u>Id.</u> If the government, under the EITaaS program, sought advice or recommendations with respect to the CCE contract, Subcontractor A would recuse itself from that work. <u>Id.</u>

Leidos submitted a proposal to the agency on June 14 which identified Subcontractor A as a subcontractor. <u>See</u> AR, Tab 21, Leidos Proposal, at 677. On July 10, the Air Force sent Leidos an interchange notice informing the contractor that Subcontractor A's evaluation and performance as an A&AS contractor, and its performance providing strategic planning for EITaaS raised potential unequal access to information and impaired objectivity OCIs. AR, Tab 22, Interchange Notice, at 2. Specifically, the agency stated:

[Subcontractor A] provides support to the EITaaS program in assisting in the design of the future EITaaS operating model to include governance, organizational design, roles and responsibilities, branding, and strategic communications. Under [Subcontractor A's] contract, [Subcontractor A] leads/assists efforts in support of developing strategic plans and expert recommendations as they relate to Enterprise IT, including networking, end user services (devices and service desk), and cloud compute & store; participates in defining service life cycle and process governance and develops oversight and management plans; assists in providing/defining requirements and service level agreements; assists in planning, documenting, and reviewing proposed application migration strategies; provides expert consulting to assist the government in defining Enterprise IT specific Cyber Security requirements; provides expertise to assist in the implementation of EITaaS transition and future acquisition strategies. [Subcontractor A] (via the EITaaS program) has knowledge of and has direct input to the overall Enterprise IT strategy in HNI, which includes the follow-on CCE. The compute and store requirements for EITaaS overlap significantly with CCE and how the Government proceeds with future EITaaS acquisition activities directly impacts the follow-on CCE effort. [Subcontractor A's] performance under its EITaaS contracts creates an impaired objectivity OCI with the CCE follow-on acquisition, and raises a potential unequal access to information OCI.

<u>Id.</u> The agency further stated that Leidos did not submit its own OCI plan or provide information regarding Subcontractor A's involvement in the preparation of the proposal

or work that Subcontractor A would be performing for Leidos as part of the CCE effort. Id.

Leidos responded that its team had no actual OCI, no one with access to EITaaS protected information participated in preparing the proposal or will participate in the CCE performance, Subcontractor A will not evaluate the CCE work of the Leidos team, all potential OCIs are mitigated, and it adopted Subcontractor A's OCI mitigation plan which documents the mitigation procedures. AR, Tab 23, Response to Interchange Notice, at 1. Leidos further stated that if Subcontractor A is asked to provide input under EITaaS with respect to CCE, Subcontractor A "will recuse itself, and the EITaaS Prime can use a different subcontractor to perform the work." Id.

The information submitted by Subcontractor A in its OCI mitigation plan, and other available information, led the PCO to conclude that Subcontractor A had unequal access to information and impaired objectivity OCIs that had not been mitigated. On September 5, the agency formally determined that Leidos was not responsible. AR, Tab 24, Analysis and Determination Memorandum. On September 10, the agency informed Leidos that it was not eligible to compete for the CCE follow-on requirement as a result of Subcontractor A's unmitigated OCIs. AR, Tab 34, Unsuccessful Offeror Notification. This protest followed.³

DISCUSSION

Leidos protests the elimination of its proposal from consideration for award, arguing that the agency unreasonably concluded that Subcontractor A has unmitigated OCIs. As discussed below, we agree with the Air Force that Leidos, through Subcontractor A, has an impaired objectivity OCI that has not been mitigated. As a result, we agree that the agency properly eliminated the Leidos proposal from the competition. Since we reach this conclusion, we do not address the unequal access to information OCI.

The FAR requires that contracting officers avoid, neutralize, or mitigate potential significant conflicts of interest so as to prevent an unfair competitive advantage or the existence of conflicting roles that might impair a contractor's objectivity. FAR §§ 9.504(a), 9.505. The situations in which OCIs arise, as described in FAR subpart 9.5 and the decisions of our Office, can be categorized into three groups: (1) biased ground rules; (2) unequal access to information; and (3) impaired objectivity. As relevant here, an impaired objectivity OCI arises where a firm's ability to render impartial advice to the government would be undermined by the firm's competing interests. FAR §§ 9.505-3, 9.505(a); see Aetna Gov't Health Plans, Inc.; Foundation Health Fed. Servs., Inc., B-254397 et al., July 27, 1995, 95-2 CPD ¶ 129 at 13.

³ This protest is within our jurisdiction to hear protests of task orders placed under civilian agency indefinite-delivery, indefinite-quantity contracts valued in excess of \$10 million. 41 U.S.C. § 4106(f)(1)(B).

The identification of conflicts of interest is a fact-specific inquiry that requires the exercise of considerable discretion. <u>Guident Techs., Inc.</u>, B-405112.3, June 4, 2012, 2012 CPD ¶ 166 at 7. We review agencies' OCI investigations for reasonableness; where an agency has given meaningful consideration to whether a significant conflict of interest exists, we will not substitute our judgment for the agency's, absent clear evidence that the agency's conclusion is unreasonable. <u>TISTA Sci. & Tech. Corp., Inc.</u>, B-408175.4, Dec. 30, 2013, 2014 CPD ¶ 17 at 6.

The agency reports that both the CCE and EITaaS programs are managed by the same leadership and that the CCE team has consistent interactions with the EITaaS team and its lines of effort, specifically the individuals responsible for the C&S and EUS RRE. COS/MOL at 6.; AR, Tab 37, Decl. of Source Selection Team Lead and Former CCE Program Manager, at 2. The agency explains that there is a convergence of numerous tasks and issues between the EITaaS and CCE programs, and both the C&S and EUS seek to host applications in the commercial cloud in much the same way the CCE has done. <u>Id.</u>

The agency further reports that the C&S effort under the EITaaS program, and the CCE requirements are intended to overlap in the future. Agency Response to GAO, Nov. 18, 2019, at 6. The agency explains that it is currently conducting experiments through its lines of effort under EITaaS. Id. The experiments will be used as data points to decide the direction of the enterprise IT strategy. Id. According to the agency, the C&S line of effort and CCE have similar requirements and Subcontractor A will provide advice regarding the C&S contractor's proposed solution. Id. In addition, the EUS will be directly working with CCE beginning in December to meet requirements, an example of the EITaaS program leveraging CCE services. Id. Subcontractor A provides technical advice for the EUS RRE. Id.

The PCO concluded that Subcontractor A's contractual obligations under the EITaaS program and HNI strategic planning allow Subcontractor A direct input to the overall HNI enterprise IT strategy, which includes CCE. AR, Tab 24, Analysis and Determination Memorandum, at 8; AR, Tab 26, A&AS Contract. Subcontractor A is the migration architect under the EITaaS contract. COS/MOL at 16. Subcontractor A is advising the Air Force about how a contractor is performing under the C&S and EUS RRE and has the ability with that advice to influence the decision about whether more or less of the cloud computing work will be allocated to the CCE program or involve work from the CCE program. Agency Response to GAO, Nov. 18, 2019, at 7; AR, Tab 36, Decl. of Program Manager for Acquisition and Resourcing on EITaas, at 3 (Subcontractor A can provide advice and recommendations on future acquisition strategies "such as the amount of applications that would be migrated under CCE or under another contract/vehicle."). Specifically, the agency was concerned that if Subcontractor A served as the primary subcontractor under the CCE follow-on, the agency would not receive objective advice regarding the Air Force's transformation strategy because Subcontractor A would have a vested interest in ensuring that the CCE follow-on was maximized and that option years are exercised. AR, Tab 36, Decl. of Program Manager for Acquisition and Resourcing on EITaaS, at 3. The agency was also concerned that

because CCE is a labor hour contract for application rationalization and migration, Subcontractor A could recommend migration and cloud hosting strategies for the Air Force enterprise from the CCE task order when developing the transformation strategy. Id.

We find that the agency reasonably concluded that Leidos had a potential impaired objectivity OCI as a result of Subcontractor A's role as a subcontractor for the EITaaS program. While Leidos argues that Subcontractor A does not have an impaired objectivity OCI because it does not currently evaluate any CCE related work, an impaired objectivity OCI is not limited to situations in which a contractor is evaluating its own or a competitor's work. Rather, an impaired objectivity OCI is concerned with whether the contractor's performance on one contract can affect other interests of the contractor. FAR § 9.505 (one underlying principle concerning conflicts is "[p]reventing the existence of conflicting roles that might bias a contractor's judgment"); see Aetna Gov't Health Plans, Inc., Foundation Health Federal Services, Inc., supra, at 13. Here, the agency concern is that through its work on the EITaaS programs, Subcontractor A will have the opportunity to influence the programs to favor its own performance on the CCE award.

Leidos also argues the EITaaS and CCE programs are not inextricably linked as they will remain separate for the foreseeable future. Protester Comments at 6, 15. However, Leidos also acknowledges that the programs may merge. <u>Id.</u> at 6. Further, as the agency has reported, the EUS line of effort of the EITAAS RRE program and CCE program will begin working together in December of this year. Agency Response to GAO, Nov. 18, 2019, at 6. Moreover, the agency is not obligated to have an exact time frame when the two programs might merge given the possibility that the C&S line of effort under the EITaaS program, and the CCE task order both involve cloud computing, and may merge in the future.

Leidos next argues that Subcontractor A has never been in a position to provide advice that would maximize the CCE follow-on, and has never been asked to provide advice under EITaaS that impacted CCE. Protester's Comments at 6, 15. In the agency's view, the similarity of the programs' missions, and Subcontractor A's strategic input into both programs, could allow Subcontractor A to influence the programs now. According to Subcontractor A, the only strategic advice it has offered under the EITaaS relates to cloud storage under the experimental C&S program that affects only a handful of the Air Force's nearly 200 bases. This does not negate, however, the agency's view that the two programs seek similar ends and Subcontractor A's performance on both could have an influence on the future direction of the program.

Notably, Leidos acknowledges that under the EITaaS programs it provided the agency with advisory and consultative services, including collecting information, helping the agency define its strategic plans, metrics and architecture and supporting change management efforts, and assisting with overall program governance and management. Protester Comments at 6; AR Tab 20, Final OCI CCE Plan, at 30-35. Under the former CCE effort, Subcontractor A provided specific support in recommending a strategy for

how to complete the CCE mission, evaluating and selecting subcontractors, and performing technical work such as cloud migration. <u>Id.</u> at 37-39. Given the relationship of the programs the agency's concern is reasonable.

The agency further asserts that Subcontractor A's OCI mitigation plan was not sufficient to mitigate the impaired objectivity OCI. In this regard, Subcontractor A detailed an OCI mitigation plan which involved a firewall between Subcontractor A employees that were performing on the EITaaS and CCE programs and who signed NDAs. AR, Tab 20, Final OCI CCE Plan, at 28. The OCI mitigation plan also provided that Subcontractor A would inform the agency if any OCI arose and if the OCI could not be mitigated Subcontractor A would recuse itself from performance. <u>Id.</u> at 29. In the agency's view neither the firewall, nor Subcontractor A's plan to recuse itself, sufficiently mitigated the impaired objectivity OCI.

We find the agency reasonably concluded that Subcontractor A's OCI mitigation plan does not mitigate the impaired objectivity OCI. There are situations in which our Office has concluded that an impaired objectivity OCI can be mitigated by a firewall. Those cases involved subcontracting or transferring work to a separate entity, and establishing a firewall around the impaired entity. <u>See Business Consulting Associates, LLC</u>, B-299758.2, Aug. 1, 2007, 2007 CPD 134 at 10. Our Office has also found that firewalls are irrelevant to an OCI involving potentially impaired objectivity where the conflict at issue pertains to the organization, and not the individual employees. <u>Nortel Gov't Solutions, Inc.</u>, B-299522.5, B-299522.6, Dec. 30, 2008, 2009 CPD ¶ 10 at 6-7; <u>Cognosante, LLC</u>, B-405868, Jan. 5, 2012, 2012 CPD ¶ 87 at 5 (dual role as both state and federal audit contractor of Medicaid program created impaired objectivity OCI that could not be mitigated by a firewall).

Here, Subcontractor A's mitigation plan does not propose transferring work to a separate entity, and then creating a firewall. Rather, it only involves creating a firewall around Subcontractor A employees working on the EITaaS programs. Thus, personnel under the EITaaS and CCE programs will be working for the same organization, and have an incentive to benefit that organization. <u>See Nortel Gov't Solutions, Inc.</u>, <u>supra;</u> <u>Cognosante, LLC</u>, <u>supra</u>. Accordingly, the agency could reasonably conclude that a firewall alone does not avoid, neutralize, or mitigate the impaired objectivity OCI resulting from Subcontractor A's dual roles. <u>Id.</u>

With respect to Subcontractor A's OCI mitigation plan to recuse itself in the future and have a different subcontractor perform the work if an actual impaired objectivity OCI arises, as the agency explains, Subcontractor A is a key advisor for EITaaS, and the agency requires its involvement in all facets of the EITaaS program for successful strategic advice. Agency Response to GAO, Nov. 26, 2019, at 2; AR, Tab 36, Decl. of Program Manager for Acquisition and Resourcing on EITaaS, at 3. The agency also explains that as a subcontractor, Subcontractor A does not have the sole authority to recuse itself from the A&AS contract. Agency Response to GAO, Nov. 26, 2019, at 3. Further, it was not clear who would perform the work in Subcontractor A's absence. Id.

The agency also disagrees with Leidos that the CCE work could be segregated. As the agency explains, EITaaS involves a strategic transformational effort that cuts across all of HNI's Air Force network programs. <u>Id.</u> at 3-4. According to the agency, Subcontractor A cannot effectively advise on this enterprise level initiative if it cannot be involved in or know about an essential element of the enterprise, CCE, while at the same time advising on the Air Force's cloud migration strategy. <u>Id.</u>

Leidos asserts that Subcontractor A has never needed to recuse itself from CCE work while performing under the EITaaS program. Leidos also disputes the agency's assertion that Subcontractor A cannot effectively advise on the EITaaS cloud migration strategy initiative if it cannot be involved in or know about CCE, because the EITaaS and CCE efforts are separate programs. In Leidos's view, since there is no immediate apparent overlap between these requirements, Subcontractor A can effectively perform under both programs.

In our view, these arguments miss the point. Leidos is essentially disagreeing with the agency's conclusion about the potential that an impaired objectivity OCI will happen, not whether recusal is a sufficient mitigation strategy. As discussed above however, we have concluded that the agency reasonably found that there was a potential impaired objectivity OCI. These arguments are directed to that issue, not to whether recusal itself provides a satisfactory mitigation strategy for Leidos.

Finally, Leidos complains about the agency's conclusion that the mitigation plan lacked details. In this regard, Leidos notes that Subcontractor A provided its OCI plan to the agency, repeatedly requested comments on it from the agency, and indicated that it would incorporate any revisions to the plan. AR, Tab 21, Leidos CCE Proposal at 677 (recounting OCI discussions with the agency). Even so, it was the responsibility of Leidos and Subcontractor A, not the agency, to propose a sufficient OCI mitigation plan.

The protest is denied.

Thomas H. Armstrong General Counsel