

# KRG

The Kenrich Group LLC

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## Government Contracts Practice Brochure

Austin  
Minneapolis

Chicago  
New York

Dallas  
Phoenix

Las Vegas  
Washington, D.C.

## Government Contracts



### Representative Project Experience

*Aircraft*

*Aircraft Flight Simulators*

*Combat Vehicles*

*Computer Hardware And Software*

*Construction*

*Environmental Clean-Up*

*Healthcare*

*Launch Systems*

*Ocean Exploration Vessels*

*Radar Systems*

*Rail Transportation*

*Satellite and Space Station*

*Shipbuilding And Repair*

*Weapon Systems*

The Kenrich Group LLC (“Kenrich”) provides consulting services on complex Government contract matters. We assist our clients in preparing claims and requests for equitable adjustment, as well as termination settlement proposals. We provide consulting on general management and regulatory matters, including analyzing Government allegations of false claims, defective pricing, and other billings-related issues. We also provide assistance in negotiations, alternative dispute resolution, and compliance-related matters.

Kenrich personnel have helped prepare or analyze numerous Government contract claims of varying magnitudes. We have applied detailed knowledge of the requirements of the Federal Acquisition Regulation (“FAR”), Cost Accounting Standards (“CAS”), and other regulations. Our personnel have testified on Government contract matters at the U.S. Court of Federal Claims, the Armed Services Board of Contract Appeals (“ASBCA”), and the Civilian Board of Contract Appeals, as well as other state and Federal Courts.

### *Examples of Government Contract Practice Services*

- Bid Protest Assistance
- Compliance Reviews and Audit Services Including: Cost Allowability, Indirect Cost Rates, CAS Compliance, Defense Contract Audit Agency (“DCAA”) Audit Issues, Forensic Accounting (e.g., Funds Tracing), and Truth In Negotiations Act (“TINA”) Compliance Issues (e.g., Defective Pricing Allegations)
- False Claims Allegations
- Fraud Investigations
- Other Government Contractor Support Including: Commercial Pricing, Federal Supply Schedule Assistance, and Emerging Contractor Services
- Prime Contractor and Subcontractor Disputes
- Request for Equitable Adjustment (“REA”) and Certified Claim Preparation; Assistance in Reviewing and Analyzing REAs and Certified Claims Prepared by Other Parties
- Termination Claim Preparation and Assistance in Reviewing and Analyzing Termination Settlement Proposals (“TSPs”) Submitted by Other Parties

## Bid Protest Assistance



### Representative Experience

*Cost Analysis*

*Cost Realism*

*FAR Part 15.404*

*Price Analysis*

*Unbalanced Pricing*

Kenrich personnel have assisted many Government contractors and their counsel in various capacities during bid protests before the Government Accountability Office (“GAO”), the U.S. Court of Federal Claims, and state courts. Kenrich personnel have authored multiple declarations regarding our findings related to price and cost issues. Some of the larger procurement protests in which Kenrich has been involved related to awards in the billions of dollars. Assistance has included the examination of the Government agency’s cost and price analyses, evaluation of offerors’ detailed basis of estimate, and other cost and price issues.

### *Case Examples*

- Kenrich was retained by the awardee/intervenor on a bid protest in front of the U.S. Court of Federal Claims to evaluate costs related to the sole sourcing of a multi-billion dollar contract. Kenrich personnel evaluated the cost- and price-related data provided to the Government, both in the intervenor’s proposal and the negotiations, for adequacy and cost and price reasonableness. Kenrich personnel also evaluated the relevant financial disclosures in the proposal, DCAA audit reports of the intervenor’s proposed costs, and negotiation memoranda to determine whether the Government negotiated fair and reasonable prices under FAR Part 15 and the Truth In Negotiations Act.
- Kenrich personnel evaluated cost realism and other issues pertaining to the award of a major Federal satellite procurement system. Kenrich determined that the agency did not follow its own procurement guidance and issued a declaration that was included in the contractor’s legal filings.
- Kenrich personnel analyzed the propriety of an independent cost estimate developed for the management of a railroad system for a state procurement. Kenrich identified nearly \$500 million in errors in the independent cost estimate.

## Compliance Reviews & Audit Services



### Representative Experience

*Business Systems*

*Cost Accounting Standards*

*DCAA Audit Assistance*

*Defective Pricing*

*False Claims*

*Price Reduction*

*Regulatory Compliance*

**Cost Allowability, Indirect Cost Rates, And Cost Accounting Standards** – Kenrich personnel have expertise in the CAS and the Cost Principles stated at FAR Part 31. Kenrich personnel have assisted in the preparation of CAS Disclosure Statements and in the preparation of General Dollar Magnitude (“GDM”) and Detailed Cost Impact (“DCI”) calculations. Kenrich personnel have also reviewed or assisted in the preparation of Incurred Cost Submissions, and reviewed accounting system reports, proposal basis of estimates, and contractor billings to verify compliance with Federal rules and regulations. Kenrich personnel have also prepared policies and procedures pertaining to cost accounting and other areas, assisted in the construction of indirect cost rates, and audited for unallowable costs as defined in FAR Part 31 and its supplements. Kenrich personnel have significant experience with the major business systems (e.g., Accounting, Estimating, Purchasing, and Materials Management).

**DCAA Audit Issues** – Kenrich personnel have authored numerous reports both analyzing and rebutting assertions made by the DCAA. Kenrich personnel have also written correspondence to the DCAA on behalf of or in conjunction with client personnel. Kenrich is very familiar with the DCAA’s Contract Audit Manual and audit programs, as well as the DCAA’s use of these sources of guidance in various types of audits.

**Forensic Accounting** – Kenrich personnel have experience in utilizing forensic accounting and funds tracing practices in order to find the sources of defective pricing, false claims, mischarges, improper labor charging and improper billings. Findings in these matters have been presented to Government attorneys and auditors including personnel from the DCAA, the Defense Criminal Investigative Service, the Federal Bureau of Investigation, and the Department of Justice. Kenrich has also used funds tracing to help effectively rebut the Government’s assertion of rights to contractor developed intellectual property.

**Truth In Negotiations Act Compliance (e.g., Defective Pricing)** – Kenrich personnel have evaluated “traditional” defective pricing allegations relating to the alleged disclosure of sales practices that did not match the client’s actual or intended practices. Kenrich personnel have also reviewed contract modifications, evaluated contractors’ actual pricing practices (including price lists and records of sales to Government and commercial customers), and calculated damages owed based on pricing schedules and discounts given on various products and product lines.



## Compliance Reviews & Audit Services (cont.)



### Representative Experience

*Business Systems*

*Cost Accounting Standards*

*DCAA Audit Assistance*

*Defective Pricing*

*False Claims*

*Price Reduction*

*Regulatory Compliance*

### Case Examples

- Kenrich personnel assisted a client in computing unrecovered costs pertaining to a pension curtailment as defined in CAS 413. Kenrich analyzed recovered costs using cost accounting records spanning several years. Kenrich wrote an expert report that was submitted alongside a Certified Claim for the client to recoup unrecovered pension curtailment amounts.
- Kenrich personnel assisted a client undergoing a DCAA audit by reviewing DCAA's findings and helping the client draft rebuttal responses. Kenrich also reviewed the adequacy of the client's outstanding Incurred Cost Submissions.
- Kenrich personnel advised a client during a DCAA pre-award survey that found the contractor's accounting system had material deficiencies because it did not pay all of its subcontractors in a timely manner. Kenrich assisted counsel in developing arguments rebutting DCAA's position. The Administrative Contracting Officer disagreed with DCAA's position and determined the accounting system to be adequate for contract performance.
- Kenrich personnel investigated the systems, processes, and procedures involved in the estimating, accumulating, and reporting of costs as required by CAS 401 for a Government contractor. Kenrich reviewed over 80 contracts at issue during a period of five years, and developed a detailed step-by-step work plan to assist the client's personnel with performing ongoing testing for CAS compliance.

## False Claims



### Representative Experience

*Defense/Military*

*Federal Supply Schedules*

*Medical Devices*

*Office Supplies*

*Professional Services*

*Residential*

*Shipbuilding*

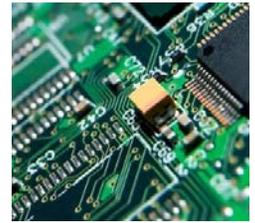
*Software Development*

Kenrich personnel have experience in providing investigative support in the Government contracts space. In these engagements, Kenrich has analyzed different aspects of our client's practices, including budgeting and billing, as well as practices to ensure compliance with the Price Reduction Clause, TINA, and other areas. Kenrich personnel have assisted in the determination of False Claims Act liability exposure and helped calculate potential overbillings.

### Case Examples

- Kenrich personnel investigated qui tam allegations involving labor charging practices by a large Government contractor. Kenrich personnel performed a detailed review of corporate accounting policies and procedures, CAS Disclosure Statements, contracts, and directions to supervisors regarding labor charging. Kenrich used this information to understand the contractor's labor charging practices and procedures, and evaluate how practices impacted invoicing to the Government customer and estimating for subsequent work.
- Kenrich personnel assisted a financial holding corporation that partnered with various developers and suspected some of the developers of fraudulent uses of funds. Kenrich traced the sources and uses of funds to determine if fraudulent payments had been made in either the construction or operational phases of their projects. Kenrich reviewed project records, such as contracts, competitive bid documents, vendor invoices, funding requests, project general ledgers, financial statements, and bank records, including account statements and canceled checks. Kenrich's findings were presented to the executive management team of the client.

## Other Government Contractor Support



**Commercial Pricing And Federal Supply Schedule Contracting** – Kenrich personnel have assisted contractors with issues relating to Multiple Award Schedule contracting, including the impacts of triggering the Price Reduction and Defective Pricing Clauses. Kenrich personnel are experts on the audit practices of various Offices of Inspector General (including that of the General Services Administration (“GSA”) and Department of Defense), as well as many other Government audit groups. Kenrich has conducted internal control reviews of client sales practices and assisted clients in modifying their systems to better control their sales discounting practices. Kenrich personnel are very comfortable using large database management software such as Structured Query Language (“SQL”) Server on these types of engagements.

**Emerging Contractor Services** – Kenrich personnel have, on numerous occasions, worked with emerging contractors in their transitions to Government contracting. These transitions have included shifts from no Government business to contracting with the Federal Government, transitions from sale of only “commercial items” or “commercial services” to non-commercial Government sales, and transitions from solely fixed-price contracts to cost-reimbursement contracting. In addition, Kenrich has deep experience assisting contractors in reorganizations and restructuring.

### *Case Examples*

- Kenrich personnel assessed a contractor’s compliance with GSA rules and regulations. Kenrich determined the correctness of prices charged to the GSA and calculated potential overcharges. Kenrich personnel also assessed potential False Claims Act exposure and assessed compliance with the Price Reduction Clause.
- Kenrich personnel were retained to help develop policies and procedures and strengthen internal controls for a Government contractor that was under investigation by the Department of Justice. Policies developed included: Accounting, Estimating, Purchasing, and Budget and Planning.



## Prime Contractor & Subcontractor Disputes



### Representative Experience

*Aerospace*

*Construction*

*Manufacturing*

*Military Vehicles*

*Professional Services*

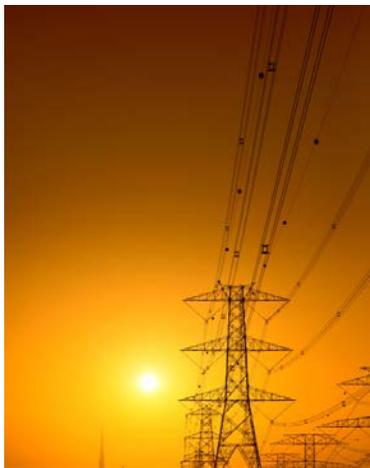
Kenrich personnel have assisted both Government prime contractors and subcontractors in resolving disputes between one another. In these engagements, Kenrich has determined lost profits, analyzed claims against either the prime contractor or subcontractor, and helped to determine if the basis of award was fair and reasonable. Kenrich personnel are very familiar with the requirements of the FAR and how it relates to the relationship between a prime contractor and its subcontractor.

### *Case Examples*

- Kenrich was retained by a prime contractor in a dispute with a subcontractor over a teaming agreement. The prime contractor was being sued over an alleged breach of a teaming agreement. Kenrich issued an expert report rebutting lost profits claimed by the subcontractor.
- Kenrich was retained by a subcontractor in a dispute over a teaming agreement with the prime contractor. Kenrich calculated the subcontractor's indirect costs and lost profits due to the breach of the teaming agreement. Kenrich also calculated damages due to fraud and issued an expert disclosure.
- Kenrich was retained by a prime contractor that was in a dispute with a subcontractor over the basis of award. Kenrich personnel reviewed related procurement files received from the client to assess for price reasonableness. Kenrich provided a rebuttal expert report and determined the basis of award to be fair and reasonable under FAR Part 15.



## Requests for Equitable Adjustment & Claims



### Representative Experience

*Aerospace & Defense*

*Construction*

*Electrical Substation*

*Logistics*

*Medical Facility*

*Radiological Laboratory*

*Transportation Service*

*Utility*

Kenrich personnel have significant experience preparing and analyzing REAs and Certified Claims, as well as reviewing and analyzing REAs and Certified Claims prepared by other parties. We have helped clients defend REAs to Government representatives and negotiated resolutions with Government auditors and Contracting Officers. We are experts in Government regulations and audit guidance related to incurred cost audits, cost proposals, and REAs (e.g., FAR Subpart 15.404, FAR Part 31, and Chapters 9 and 12 of the DCAA Contract Audit Manual). Kenrich personnel also have significant experience in preparing REAs related to construction matters. Kenrich personnel are experts in using the Critical Path Method (“CPM”) and the windows approach, among others, to perform schedule analyses to quantify delay. We understand and are very experienced in addressing the challenges of establishing causation (i.e., the cause and effect relationship between a party’s action(s) and the contractor’s added cost of performance).

When an REA is not satisfactorily negotiated or settled, a contractor often chooses to file a Certified Claim in accordance with the Contract Disputes Act (“CDA”).

Kenrich personnel are very familiar with this process and have assisted hundreds of contractors in pricing claims, compiling support, and assisting in the resolution process. Kenrich personnel have assisted with claims in excess of \$1 billion, including providing testimony at the U.S. Court of Federal Claims, the ASBCA, the Civilian Board of Contract Appeals, and various state and Federal Courts, as well as in arbitration and mediation.

### *Case Examples*

- Kenrich was retained by a contractor to assist with claims it filed against the Army at the ASBCA. During contract performance, the Army requested large scope changes and caused deployment delays that constituted breaches or constructive changes to the contract, causing the contractor to incur over \$1 billion more than the contract value in seven years of performance. As a result, the contractor submitted a series of 14 CDA claims and two REAs for a total of over \$2 billion, which were denied in their entirety by the Army. Kenrich assisted with review and quantification of the claims, and performed a delay analysis to determine whether the Army or the contractor was responsible for the delays experienced on the contract. Kenrich produced an affirmative expert report based on the results of the cost and delay analyses. Kenrich also evaluated the DCAA’s reports on the claims and produced a rebuttal expert report. The expert reports were used in mediation between the contractor and the Army. Kenrich presented the reports and findings as part of the largest mediation ever held at the ASBCA and assisted the contractor and counsel in meetings with both the mediators and the Army’s representatives.



## Requests for Equitable Adjustment & Claims (cont.)



### Representative Experience

*Aerospace & Defense*

*Construction*

*Electrical Substation*

*Logistics*

*Medical Facility*

*Radiological Laboratory*

*Transportation Service*

*Utility*

### Case Examples (cont.)

- Kenrich assisted a joint venture of major international contractors in the review and analysis of a series of subcontractor REAs on a Department of Energy nuclear waste disposal facility. Kenrich analyzed cost and schedule impacts across foundations, concrete, mechanical and electrical work. Kenrich analyzed subcontractor schedules to evaluate compensable delay, and analyzed time-related and direct cost impacts, including productivity impacts submitted by the subcontractor. Issues considered included design change impacts, late procurement of subcontractor and Government furnished equipment, re-sequencing, stacking of trades, fireproofing installation performance, reasonableness of published schedules, productivity, and impacts associated with field coordination of lower-tier subcontractors.
- Kenrich was retained to help review and restate an REA previously submitted to the Marine Corps. The client performed work under an Indefinite Delivery, Indefinite Quantity contract with the Marine Corps to provide trained canine resources as well as the trainers and support services to accompany them. In conjunction with counsel, Kenrich provided recommendations on how best to revise and resubmit its claim against the Government.



# Terminations



## Representative Experience

- Construction*
- Future Combat Systems*
- Hybrid Air Vehicles*
- Manufacturing Plant*
- Nuclear*
- Postal Service*
- Power Plants*
- Satellite Communication Vehicle*

Kenrich’s termination-related services have included assisting clients with the preparation of TSPs on contracts terminated for convenience, reviewing and auditing TSPs prepared by lower-tier subcontractors and submitted for review to the prime contractor, and assisting counsel in efforts to convert a termination for default into a termination for convenience. Kenrich personnel have assisted contractors with the preparation and review of hundreds of TSPs. Kenrich has also rebutted DCAA audit reports of contractor TSPs on many occasions. The contract values of matters on which Kenrich has provided termination assistance have ranged from thousands of dollars to billions of dollars. Kenrich personnel have met with Termination Contracting Officers (“TCOs”), assisted in the negotiation of settlements, and testified about our findings in mediations, arbitrations, and formal court hearings.

## Case Examples

- Kenrich was retained by a major subcontractor to assist in its settlements with lower-tier subcontractors due to the termination for convenience of the U.S. Army’s Future Combat Systems (“FCS”) program. Kenrich reviewed and audited over 100 TSPs, including on-site audits of selected subcontractors’ TSPs, authored expert audit reports based on the results of the audits, and provided general advisory services regarding the termination process. Kenrich also met with the prime contractor’s TCO as well as Government TCOs to assist with the ratification of the lower-tier subcontractors. Kenrich was also retained to rebut DCAA’s findings regarding the major subcontractor’s TSPs, which included over \$1 billion in total costs incurred.
- Kenrich personnel provided advisory services on a contract that was anticipated to be terminated. Kenrich personnel researched stranded assets and recovery of costs on these assets for the anticipatory termination.
- Kenrich personnel assisted a contractor in converting a termination for default to termination for convenience for a contractor terminated by the United States Postal Service. Kenrich performed a schedule analysis proving that the contractor was not at fault for various design changes.
- Kenrich personnel assisted a client with the preparation of a claim resulting from their partial termination. Kenrich’s work consisted of reviewing the TSP that the subcontractor submitted to the contractor, re-pricing the settlement proposal, and preparing a claim against the contractor. This work required extensive review of accounting records, invoices, equipment rates, labor, and overhead rates, along with billing records that related to the drilling of water wells in Iraq.