

# General Service Administration (GSA)

## REPORT ON THE FY 2014 SERVICE CONTRACT INVENTORY

### Executive Summary

OMB memorandum, “Service Contract Inventories” (SCI) (December 19, 2011), tasks agencies to conduct a meaningful analysis of the service contracts (funded by agency dollars) in their inventories for purposes of determining if contract labor is being used in an appropriate and effective manner and if the mix of federal employees and contractors at the agency is effectively balanced. This report constitutes GSA’s analysis of the FY 2014 Service Contract Inventory.

The GSA Office of Government-wide Policy (OGP) established an agency cross-organizational workgroup to analyze GSA’s FY 2014 Service Contract Inventory. The team consisted of representatives from the Public Building Service (PBS), Federal Acquisition Service (FAS), Office of the Chief Information Officer (CIO), and Office of Administrative Services (OAS).

Based on GSA’s analysis, we have determined that contractor performance at GSA continues to be an acceptable choice for contracted services. No evidence of over reliance on contracted functions was found in any of the transactions reviewed. In addition, adequate safeguards and monitoring systems are in place to ensure that work performed by contractors does not become inherently governmental, and that there are sufficient internal resources available to effectively manage and oversee contracts.

#### **A. Analysis**

Table A lists: (1) the product and service code (PSC) studied by the agency; and (2) the number of transactions and total dollars obligated for the specific product and service code reviewed for FY 2014. GSA’s rationale for focusing on PSC R499 (Support – Professional – Other) was to continue the review of all high dollar value PSCs that use the catch-all “x99” code, denoting “other” services. PSC R499 ranked third on GSA’s list of Top Ten PSCs for FY 2014 (see Table B). PSCs R699 and R399 were reviewed by GSA in FY2013. PSC R799 and J099 are planned for review as part of GSA’s report on the FY 2015 Service Contract Inventory.

**TABLE A**

**Summary of SIFs by Transactions and Dollars**

Funding Agency Code	Funding Agency	R499	
		Number of Contracts Reviewed	Action Obligation
4732	FAS	16	\$17,784,753.27
4740	PBS	112	\$33,243,518.66
4750	CIO	25	\$30,022,290.76
4760	OCSIT*	10	\$6,016,167.02
4705	IAD*	8	\$1,946,174.30
		172	\$89,012,904.01

\*The Office of Administrative Services (OAS) reviewed contracting actions for the Internal Acquisition Division (IAD) and the Office of Citizen Services and Innovative Technology (OCSIT).

**Table B**

**FY14 - Top 10 GSA Spending PSCs as a Percentage of Agency Service Contract Obligations**

PSC	Product Service Name	GSA 2014 Total	Share of Total Service Contracts
Z2AA	Repair or Alteration of Office Buildings	\$497,831,720.55	20.19%
S112	Utilities- Electric	\$172,014,550.67	6.97%
R499	Support- Professional: Other	\$166,546,990.98	6.75%
D399	It and Telecom- Other It and Telecommunications	\$163,229,805.78	6.62%
Y1AA	Construction of Office Buildings	\$149,236,680.05	6.05%
Y111	Construction of Office Buildings	\$111,229,468.07	4.51%
D302	It and Telecom- Systems Development	\$90,006,699.21	3.65%
S111	Utilities- Gas	\$81,010,610.85	3.28%
D313	It and Telecom- Computer Aided Design/Computer Aided Manufacturing (CAD/CAM)	\$78,564,343.47	3.19%
Y1Q A	Construction of Restoration of Real Property (Public or Private)	\$77,986,830.91	3.16%
<b>Top 10 Spend Total</b>		<b>\$1,587,657,700.5</b>	<b>4 64.37%</b>

**B. Methodology**

- Select Product Service Codes.** PSC R499 was selected to continue to address catch all (ending in "99") PSC codes that account for large amounts of spending, as recommended in GSA's FY13 Inventory Analysis. Analysis of PSC R499 was deferred in 2013 due to the larger amount of contracting activity under that PSC.
- Identify Contracts for Review.** FY 2014 Standard Inventory contained 5,168 contract actions totaling over \$2.4 billion. Using data obtained from the Federal Procurement Data System-Next Generation (FPDS-NG) for the PSC R499, the FY14

inventory analysis contained 172 separate contracts totaling more than \$89 million in spending as shown in Table A.

3. **Develop and Populate Survey Templates.** GSA developed surveys based on guidance issued by Office of Management and Budget (OMB), as shown in Attachment A, and issued the guidance to workgroup members from each applicable component of GSA.
4. **Perform Contract Reviews.** Each component conducted their assessment of the contracts within their purview and submitted their summary analysis to the Office of Acquisition Policy.
5. **Analyze Results and Summarize Findings and Actions/Recommendations.** The Office of Acquisition Policy compiled the results and prepared high level findings, actions and recommendations further discussed in Sections C and D, below.

### **Agency Findings**

1. No contracts were identified that involved the performance of inherently governmental functions. Nearly all GSA service contracts reviewed were found to contain adequate safeguards and monitoring systems to ensure that work performed by contractors does not become inherently governmental, and that there are sufficient internal resources available to effectively manage and oversee those contracts.
2. 99% of GSA contracts reviewed were found to have good performance. Only two (2) contractors were identified as exhibiting fair performance. In the aggregate, this finding indicates that GSA is not spending obligated funds on services that are being poorly performed.
3. One contract awarded and administered by FAS was found to have contract employees performing critical functions in such a way that could affect GSA's ability to maintain control of its mission and operation. The Program Office indicated that reliance on the contractor is a direct result of challenges in recruiting and retaining personnel to fill FTE positions.

### **D. Actions taken or planned by the agency to address any identified weaknesses or challenges.**

Agency finding #1, no action required. Evaluation of service contracts for inherently governmental functions prior to award will continue in addition to monitoring and safeguarding efforts.

Agency finding #2, no action required.

Agency finding #3, FAS is working to fill available FTE positions with qualified Federal employees and has already made significant progress. Since FY2014, contractor personnel utilized for this contract has been reduced to four employees, from a high of fourteen.

**In response to previous findings, the agency has taken the following actions and will continue to take action as described:**

GSA will continue to monitor contracts through both the Procurement Management Review (PMR) and annual FPDS\_NG data Verification and Validation (V&V) processes. GSA includes an appropriate sample of Service Contracts for review through its PMR process to ensure appropriate management attention and oversight. The PMR process is focused on ensuring better management of performance risk and consists of a continual cycle of contract reviews that assesses approximately 1300 contract files annually across approximately 25 business functions throughout GSA's national portfolio. The PMR process ensures that any contracting problems, including issues with service contracts, are detected throughout the year during continuous reviews rather than merely during retrospective end-of-year reviews. Early detection allows GSA to address service or agency-wide concerns before they become pervasive.

GSA also requires that its Program/Project Managers and Contracting Officers' Representatives be fully trained and properly certified to better manage performance risk for the contracts they oversee. To support this activity, GSA has successfully deployed the Federal Acquisition Institute Training Application System (FAITAS) certification and continuous learning module. All certification and continuous learning actions are managed in FAITAS delivering to GSA a level of total transparency for its entire acquisition workforce.

**E. Planned Analysis**

The FY 2015 SCI Analysis will continue to address additional areas of spending for PSCs ending in "99", a designation used to cover "other" categories not otherwise specifically identified. The following PSCs will be considered for analysis:

PSC R799 – Other Management Support Services

PSC J099 – Maintenance – Repair of Miscellaneous Equipment

The two PSCs are the next two most utilized "x99" PSC codes at GSA, behind the "x99" codes that have been previously analyzed in past Service Contract Analysis Reports.

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## Attachment A – Service Contract Analysis Template

Contract #	Yes/No/NA	Comments
a. Identify the contract/task order description to include order number, company name, contract type, total award amount, period of performance		
b. Is the contract a personal services contract? If the contract is a personal services contract is it being performed, in accordance with applicable laws and regulations (Yes, No, Not Applicable).		
c. Is special attention being given, as set forth in FAR 37.114, to functions that are closely associated with inherently governmental functions[1] (See OMB guidance)? (Yes, No, Not Applicable).		
d. Does this contract use contractor employees to perform inherently governmental functions? (Yes, No, Not Applicable).		
e. Is the performance under the award considered a “critical function”[2] (Yes, No, Not Applicable).		
f. Are there specific safeguards and monitoring systems in place to ensure that work being performed by contractors has not changed or expanded during performance to become an inherently governmental function? (Yes, No, Not Applicable) (If yes, provide how).		
g. Are contractor employees performing critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations (Yes, No, Not Applicable)?		
h. Are there sufficient internal agency resources to manage and oversee contracts effectively? (Yes, No, Not Applicable) (If yes, please describe).		
i. What are the functions/services being performed by the contract employees under the subject award? Please provide a summary from the SOW.		
j. Are any functions restricted by the contract (i.e. approval of documents, attendance at meetings, firewalled activities, etc)? How is it monitored? How effective is the monitoring?		
k. How is/was the contract performance: (Good - Fair - Poor)?		
l. Questions for the requesting office (the program manager was specifically requested to provide this information):		
i. How many FTEs are located in the program office that this award supports?		
ii. Is recruitment of Federal employees an issue/obstruction (Can refer question to management)?		
m. Name of the Program Office this contract supports.		
n. Number of contractors or contractor FTE under this award.		