

# General Service Administration

## REPORT ON THE FY 2013 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, in the agency, is effectively balanced. This report constitutes GSA's analysis of the FY 2013 Service Contract Inventory.

Based on our analysis, we have determined that contractor performance, at GSA, continues to be an acceptable choice for contracted services, and there is no evidence of over reliance on contracted functions 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 codes (PSCs) studied by the agency and (2) the number of transactions and total dollars obligated for those specific product and service codes reviewed for FY 2013 data. GSA's rationale for focusing on the identified functions is to review the PSCs with high dollar values (R699 – Support-Administrative-Other) and those showing a significant increase in dollars and number of transactions (D399 – IT and Telecom / Other IT and Telecommunications). GSA has deferred the review of a third PSC (PSC R499 - (Support - Professional - Other)) which ranked seventh in GSA's Top Ten Spending PSCs in FY 2013 and third in FY 2014. PSC R499 will be reviewed as part of the Report on the FY 2014 Service Contract Inventory.

**TABLE A**

**Summary of SIFs by Transactions and Dollars  
(\$\$ in Thousands)**

FD Ag	Funding	D399		R699		Total	
Code	Agency	#	Amount	#	Amount	#	Amount
	OAS*	10	\$53,564,886.79			10	\$53,564,886.79
4732	FAS	21	\$18,754,288.39	10	\$3,684,991.48	31	\$22,439,279.87
4740	PBS	32	\$16,074,125.65	86	\$22,700,369.40	118	\$38,774,495.05
4750	CIO	6	\$162,860,356.57			6	\$162,860,356.57
		69	\$251,253,657.40	96	\$26,385,360.88	165	\$277,639,018.28

\*The Office of Administrative Services (OAS) reviewed contracting actions for the Office of the Chief Acquisition Officer (OCAO) and the Office of Citizen Services and Innovative Technology (OCSIT).

**B. Methodology**

- Select Product Service Codes.** PSCs were selected to address catch all (ending in “99”), top dollar spending and high volume transactional PSCs as recommended in GSA’s FY12 Inventory Analysis.
- Identify Contracts for Review.** FY 2013 Standard Inventory contained more than 6,206 contract actions totaling almost \$2.8 billion. Using data obtained from the FPDS-NG for the PSCs listed in the table, above, the analysis contained 165 separate contracts totaling more than \$277 million in spending as shown in Table A.
- Develop and Populate Survey Templates.** GSA developed surveys based on guidance issued by OMB as shown in Attachment A and issued them to GSA components consisting of the Federal Acquisition Service, the Public Buildings Service, the Office of Administrative Services, and the Office of the Chief Information Officer.
- 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.
- 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.

### **C. Agency Findings**

1. The OCIO found that six of the twelve contracts incorrectly listed the OCIO as the Funding Agency. These records have been corrected in FPDS.
2. FAS discovered one contract that showed evidence of contractor employees being used to perform inherently governmental functions. The contract in question was determined to be an unauthorized personal services contract which was cancelled.
3. The definition of “critical functions” was not consistently applied among survey respondents.
4. There were six contracts identified that could be considered for insourcing
5. Approximately 18% of the PBS contracts reviewed for PSC R699 contained activities considered closely associated to inherently governmental activities. However, sufficient procedures were in place to allow Project Managers and/or COR’s to monitor the scope and control of the business process to prevent any inherently governmental functions to be performed by contract employees.

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

Agency finding #1, GSA has made the corrections to the incorrectly coded transactions within FPDS.

Agency finding #2, the contract in question was canceled.

Agency finding #3, GSA continues to review contracts on a transaction basis and clarify policy regarding the proper categorization of awards as supporting Inherently Governmental Functions or Functions Closely Associated with Performance of Inherently Governmental Functions. GSA also emphasizes these definitions in its training on this subject matter.

Agency finding #4, GSA is actively participating in ongoing interagency “cost comparison” presentations and discussions initiated by OMB.

Agency finding #5, no additional action is needed at this time.

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

1. GSA includes an appropriate sample of Service Contracts for review through its Procurement Management Review process to ensure appropriate management attention and oversight and to ensure better management of performance risk. The PMR process consists of a continual cycle of contract reviews that assesses approximately 1300 contract files annually across approximately 25 business functions.

GSA also requires that it's 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.

2. GSA has issued clarifying policy regarding proper categorization of awards as supporting Inherently Governmental Functions or Functions Closely Associated with Performance of Inherently Governmental Functions and has incorporated the definition of "critical function," "inherently governmental function," and "functions closely associated with performance of inherently governmental functions" into training as appropriate.

#### **F. Planned Analysis**

The FY 2014 SCI Analysis will address additional areas of spending for PSCs ending in "99", a designation used to cover "other" categories not specifically identified. The following PSC will be considered for analysis.

PSC R499 - Support - Professional - Other

This PSC is ranked third in GSA's top ten spending categories.

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## ATTACHMENT A

The following survey questions were used to gather data for analysis.

- 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<sup>[1]</sup> (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”<sup>[2]</sup> (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.

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[1] Work that is closely associated with inherently government functions may be performed by either Federal employees or contractors. Examples are support for budget preparation, support for policy development, support for acquisition planning such as conducting market research, support for source selection such as participating as a technical advisor.

[2] Critical Functions," is defined as required by the agency to be able to effectively perform and maintain control of its mission and operations