

National Archives Record Administration (NARA)
Service Contract Inventory Analysis
Fiscal Year 2014

Executive Summary

Section 743 of Division C of the Fiscal Year (FY) 2010 Consolidated Appropriations Act, P.L. 111-117, requires civilian agencies to prepare an annual inventory of their service contracts and to analyze the inventory to determine if the mix of Federal employees and contractors is effective or if rebalancing may be required. The Memorandum for Chief Acquisition Officers Senior Procurement Executives dated December 19, 2011 provided additional guidance regarding: 1) the submission of analysis for the FY 2010 inventories, 2) the preparation of FY 2011 inventories, and 3) the development of analysis of the FY 2011 inventories. New requirement guidance from Ms. Anne Rung, Administrator for Federal Procurement Policy regarding preparation of FY 2014 Service Contract Inventories, dated November 25, 2014 is addressed.

The purpose of this analysis is to determine if contract labor is being used in an appropriate and effective manner, and if the mix of agency employees and contractors is effectively balanced. This report provides a listing of the Special Interest Service Contracts with contractual related information as required in the standard format provided in the Office of Management and Budget (OMB) Memorandum regarding Service Contract Inventories (SCI), dated November 5, 2010, OMB's guidance dated December 19, 2011 and previously stated supplemental requirements contained in the November 25, 2014 Alert . NARA's reporting adheres to guidance from FAR Subpart 4.17, Service Contracts Reporting requirements.

Special Interest Functions Studied

The Special Interest Functions studied by NARA were the dollar amounts obligated to those specific Product Service Codes (PSCs) in FY 2014 and the rationale focusing on the identified functions as designated by OMB.

In compliance with the requirements of Section 743, NARA prepared a Service Contract Inventory (SCI) report for FY 2014 using data contained in the Federal Procurement Data System Next Generation (FPDS-NG) which consisted of "Special Interest Functions" "Code R", Professional or Management Services, and "Code D" Information Technology Support Services which totaled approximately \$6,117,223.00 with an estimated 33 actions for Fiscal Year 2014. A SCI questionnaire was developed to assist in the FY 2012 analysis. An assessment of the

responses was conducted together with FPDS-NG Data to assist in validation and overall analysis. FY 2013 analysis was a result of groundwork prepared in FY 2012. FY 2014 combines the knowledge base gained from FY 2011 through FY 2013.

PSC's selected by NARA for analysis show a continued effort to follow OMB guidelines and reflect on a work in progress based upon analysis of the last three fiscal years. The selection uses past information and lessons learned in conjunction with current FPDS-NG data, updated OMB guidelines and new requirements to address specific agency risk factors should they exist.

The list below reflects NARA's SCI and associated functions number of actions taken per PSC:

Product or Service Code	Product or Service Description	Action Obligation	Actions
	Information Technology Support		
D307	IT AND TELECOM- IT STRATEGY AND ARCHITECTURE	\$2,030,318.00	3
D308	IT AND TELECOM- PROGRAMMING	\$858,233.00	2
D310	IT AND TELECOM- CYBER SECURITY AND DATA BACKUP	\$1,804,287.00	2
D311	IT AND TELECOM- DATA CONVERSION	\$66,435.00	2
D318	IT AND TELECOM- INTEGRATED HARDWARE/SOFTWARE/SERVICES SOLUTIONS, PREDOMINANTLY SERVICES	\$85,000.00	1
D319	IT AND TELECOM- ANNUAL SOFTWARE MAINTENANCE SERVICE PLANS	\$176,117.00	2
D399	IT AND TELECOM- OTHER IT AND TELECOMMUNICATIONS	\$10,000.00	1
	Professional or Management Services		
R406	SUPPORT- PROFESSIONAL: POLICY REVIEW/DEVELOPMENT	\$393,234.00	1
R408	SUPPORT- PROFESSIONAL: PROGRAM MANAGEMENT/SUPPORT	\$12,747.00	2
R410	SUPPORT- PROFESSIONAL: PROGRAM EVALUATION/REVIEW/DEVELOPMENT	\$112,830.00	2
R499	SUPPORT- PROFESSIONAL: OTHER	\$568,022.00	15
TOTAL		\$6,117,223.00	33

Analysis Methodology

- a. Compiled SCI data from the Federal Procurement Data System – Next Generation (FPDS-NG) for NARA funded contracts exceeding \$25,000. The inventory included *all “Special Interest” function recommended by OMB*;
- b. Compiled new Time and Materials Supplement with information collected from contractors on the amount invoiced and the direct labor hours expended on covered service contracts per Alert from the Administrator for Federal Procurement Policy on November 25, 2014 and guidance contained in the new Federal Acquisition Regulation (FAR) Subpart 4.17 Service Contracts Inventory. However, NARA had no contracts that qualified in this area;
- c. Used FY 2012 and FY 2013 reports including data, as a baseline for selecting PSC’s. This remains a work in progress towards developing a logical process flow for analyzing FY 2014 data. SCI Questionnaire’s were not submitted to Program Offices for responses to assess level of “Inherently Government Functions” (IGF) as was done for FY 2012 reporting;

FY 2014 data retrieved from FPDS-NG was compared with both FY 2013 and FY2012 information in order to conduct a more comprehensive rational and complete analysis for selecting specific contract actions, which incorporated parameters to assess the following:

- Determine if contractor employees are performing inherently governmental functions under the contract in accordance with definition of “inherently governmental function” and explained in OFPP Policy Letter 11-01, Performance of Inherently Governmental and Critical Functions, or critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations;
- Determine if the contract is for personal services as defined in FAR Subpart 37.104;
- Determine if findings from FY 2012 and FY 2013 analysis impacted planned actions for FY 2014;
- Determine if there is a risk of overreliance on contracted functions, particularly those services identified as special interest functions; and
- Determine if the mix of Federal employees and contractors for a given program is an effective multi-workforce balance or if rebalancing is needed.

Agency Findings

Based on the analysis, it was determined that contractor performance remains at an acceptable balance and choice for contracted services and there is no evidence of overreliance on contracted functions. The largest percentage of dollar obligations for selected “Special Interest” functions resided within the “Code D” functions which ranged between 46% (D308 IT and Telecom Programming) and 56% (D399 IT and Telecom Telecommunications) of the total FY 2014 dollar obligations for the selected functions. These services are concentrated in the IT and Telecommunications, Programming and other IT related services. Procurement and Acquisition Support continues to reflect a small percent of overall IGF closely related support only 4.47% (R707 Management Contract/Procurement/Acquisition Support) of NARA’s Action Obligation for FY 2014.

NARA has used its SCI to gain insight into where, and how the extent to which the work of the Agency is performed by contractors. The results of the FY 2014 analysis continue to demonstrate consistent adequate safe-guards are in place to ensure contractors are being properly utilized. The 3% to 4% of contract dollars obligated to “Special Interest “ functions which are considered by definition “closely associated with inherently governmental functions” reflect NARA’s efforts in monitoring and guarding against expanding contractors efforts in these areas.

Current safeguards include status reports, quality assurance surveillance plans, certified and trained Contracting Officer Representatives and Project Managers, pre/post award checklists, project plans, proper use of contract clauses and provisions, and utilization, of where applicable, clear Statements of Work and Performance Work Statements. Although, monitoring of “Special Interest” functions and proper coding in FPDS-NG remains a challenge within the agency. FY 2014 FPDS-NG results indicates continued progress and a better comprehensive process going forward in this area when compared to FY 2013 data.

Actions Taken/Planned

In FY 2012, Contracting Officer Representatives and/or Program Managers associated with contracting actions within their Program Office received a questionnaire to determine 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. The questionnaire help set the frame work in understanding “inherently governmental special interest” function from a Program Office perspective and encourage their participation.

After assessing questionnaire responses combined with the FPDS-NG data reviews it was determined that changes could be made in the questionnaire in order to promote a more meaningful response for future analysis. However, no questionnaire was used to assist in the FY 2013 assessment. The previous questionnaire served as guidance and a source of reference to better develop FY 2013 reporting. In addition, the mandatory FPDS requirement containing guidance for agencies to begin coding functions for new contracts awarded after March 1, 2012 was intended to simplify the task from using multiple resources to confirm adherence to OMB directives.

After reviewing selected PSC's for FY 2014 it was determined that what was initially intended to simplify the reporting process in FPDS NG, for “inherently governmental functions” actually revealed additional obstacles toward achieving an attainable goal. Some services marked “IGF” in FPDS failed to adequately describe what service(s) were being rendered in the description box thereby creating another need to further assess what specific services or functions were being reported. This of course leads to a greater number of contract files needing review than resources or time may allow.

Based on lessons learned, NARA will continue its efforts and use all resources available to comply with OMB directives and meeting agency requirements. NARA has documented all processes used for previous OMB reports as a source for creating a valid reference base to ensure accuracy, compliance and to strengthen future SCI report analysis, The contract review process which NARA has in place for all contracts, will continue to consist of mandatory peer reviews and monitoring of FPDS-NG coding that impacts SCI established guidelines.

Appendix A: Required Inventory Data Elements

- A description of the services purchased by the executive agency
- A description of the role the services played in achieving agency objectives
- The organizational component of the executive agency administering the contract, and the organizational component of the agency whose requirements are being met through contractor performance of the service
- The total dollar amount obligated for services under the contract and the funding source for the contract
- The total dollar amount invoiced for services under the contract and funding source for the contract
- The contract type and date of award
- The name of the contractor and place of performance
- The number and work location of contractor employees, expressed as full time equivalents for direct labor, compensated under the contract
- Whether the contract is a personal services contract
- Whether the contract was awarded on a noncompetitive basis, regardless of date of award

Appendix B: Standard Inventory Format

**Appendix C: Standard Inventory Summary Format
Socio-Economic/Small Business**

**Appendix C: Part 2: Standard Inventory Summary Format
Competition/Type of Contract**

Appendix D: Agency Inventory Analyses

In accordance with section 743(e), agency inventory analyses shall include a review of the contracts and information in the inventory for the purpose of ensuring that –

-

- (i) each contract in the inventory that is a personal services contract has been entered into, and is being performed, in accordance with applicable laws and regulations;
- (ii) the agency is giving special management attention, as set forth in FAR 37.114, to functions that are closely associated with inherently governmental functions;
- (iii) the agency is not using contractor employees to perform inherently governmental functions;
- (iv) the agency has 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;
- (v) the agency is not using contractor employees to perform critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations; and
- (vi) there are sufficient internal agency resources to manage and oversee contracts effectively.