

# ATTACHMENT 2

## DEPARTMENT OF ENERGY / OFFICE OF MANAGEMENT

### 2008 IGCA INVENTORY GUIDE TO INVENTORY SUBMISSION

This document presents the instructions for submission of the 2008 Department of Energy (DOE) Inherently Governmental and Commercial Activities (IGCA) Inventory. This inventory will be used to respond to various reporting requirements including, but not limited to, the Federal Activities Inventory Reform Act of 1998, Public Law 105-270 (FAIR Act) and the inventory of inherently governmental activities required by the Office of Management and Budget (OMB).

It is important to note that for the 2008 IGCA Inventory, the Under Secretary for National Nuclear Security is requiring the National Nuclear Security Administration (NNSA) office at headquarters to obtain, review and submit for inclusion in the Department's complete IGCA Inventory, all NNSA headquarters and subordinate field office inventory data. Likewise, the Office of Environmental Management (EM) at Headquarters will obtain, review and submit for inclusion in the Department's complete IGCA Inventory, all EM headquarters and subordinate field office inventory data.

An important element of DOE's inventory process is the Department's Competitive Sourcing Official's (CSO) redelegation of the authority to sign Office of Management and Budget (OMB) Circular A-76 required justifications for the designation of FTEs as performing inherently governmental functions (Reason Code Z) or commercial functions not appropriate for private sector performance (Reason Code A). Through the Deputy Secretary's memorandum, to which this guide is attached, the CSO redelegates justification signature authority to the Heads of the organizations that are required to submit an inventory verification of accuracy. The signatures on the inventory verification of accuracy memorandums will represent and substitute for signatures on each of the individual justifications for your organization.

Any FTE that has been coded as being included in any on-going Competitive Sourcing Initiative study, conducted under OMB Circular A-76, will remain coded as "under study," commercial Reason Code C, until such time as the study is completed, or the Competitive Sourcing Executive Steering Group (ESG) has formally decided to remove the FTE(s) from a study.

In this guide there are references to four enclosures, intended to provide specific information on what must be included in the DOE IGCA inventory. An Excel based data collection tool will be provided to each office and should be updated and submitted in accordance with the instructions provided herein and in Attachment 5. Additionally, all DOE offices and NNSA must submit a narrative description addressing the following:

- Explanation/justification for any movement of FTEs from commercial reason codes to inherently governmental that explains, in detail, the organizational or position changes that have occurred since the 2007 IGCA Inventory was submitted, and which supports the change to inherently governmental.
- Strategy/philosophy for coding FTEs in particular Reason Codes and Function Codes.

- Information that statistically describes all major recoding efforts between the 2007 inventory and the 2008 inventory.

FAIR Act/A-76 program (function code, reason code, review process, etc.) questions should be directed to Dennis O'Brien at [dennis.o'brien@hq.doe.gov](mailto:dennis.o'brien@hq.doe.gov) or by telephone at (202) 586-1690.

**ENCLOSURES:**

**Enclosure 1** - DOE Function Codes / General Information

**Enclosure 2** - Inherently Governmental and Commercial Activities Inventory Function Codes may be accessed through the Office of Competitive Sourcing/A-76 web page at <http://www.management.energy.gov/A76.htm>, through the "FAIR Act Inventory" link.

**Enclosure 3** - List of selected Function Codes with definitions may be accessed through the Office of Competitive Sourcing/A-76 web page at <http://www.management.energy.gov/A76.htm>, through the "FAIR Act Inventory" link.

**Enclosure 4** - Reason Codes with definitions. This information may be accessed through the Office of Competitive Sourcing/A-76 web page at <http://www.management.energy.gov/A76.htm>, through the "FAIR Act Inventory" link.

## Enclosure 1 - DOE Function Codes / General Information

1. **GENERAL.** DOE Function Codes provide the coding structure for offices to account for all departmental activities performed in direct support of missions.
2. **FUNCTION CODE TAXONOMY.** Each function code includes an alphanumeric code, title, and definition describing the type of work performed. Function Code definitions are intended to be comprehensive and mutually exclusive. Additionally, each definition identifies meaningful exclusions. Many groupings of Function Codes include at least one miscellaneous “other” function that has an alphanumeric code ending in “99” (e.g., “H999 – Other Health Services”). These miscellaneous functions are used to code work that is not identified by other function codes on the list. In 2008 the use of the miscellaneous codes is discouraged and should be utilized only as the last choice.
3. **CODING MANAGEMENT FUNCTIONS.**
  - 3.1 Management functions performed at the headquarters level involve work that is significantly different than that performed at operations offices. OMB has developed separate codes and titles for each. Management Headquarters type work is defined as “overseeing, directing, and controlling subordinate organizations or units through: developing and issuing policies and providing policy guidance; reviewing and evaluating program performance; allocating and distributing resources; or conducting mid- and long-range planning, programming, and budgeting.” (This includes all management studies necessary to support management headquarters type work.) However, “Management Headquarters” functions do not include “all direct support (e.g., professional, technical, administrative or logistical support) that is provided directly to a major DOE headquarters office and is essential to its operation.” Direct support is included as part of a “Management Headquarters” function only when the support is an inherent part of, and inextricably tied to, management headquarters type work as defined above. If the support is performed separately, it is coded with the support function code that most closely describes the type of support provided.
    - 3.1.1 For example, a personnel operation that directly and exclusively supports a headquarters activity is not coded as a management headquarters function since it does not involve management headquarters type work activity. Coding is based on the *type of work activity performed* (e.g., personnel operations) and not based on where the work activity is performed (e.g., headquarters or field office).
  - 3.2 There are services and operations that have management elements (e.g., supervision, oversight, and control). Services and operations are sometimes performed by private sector contractors. In such cases, the administration and oversight of the contract (to include quality assurance and technical review of the services provided) are considered to be an inherent part of the management function.

#### **4. CODING RULES FOR THE INHERENTLY GOVERNMENTAL AND COMMERCIAL ACTIVITY (IGCA) INVENTORY.**

**4.1** When coding for the IGCA inventory, FTEs are grouped by function and coded to indicate the type of work activity performed. In some cases, this may not correspond to what position series and titles might lead reviewers to believe an FTE's activities must be. For instance, although accountants are typically found in accounting functions and engineers in an engineering function, in some cases, a budget analyst may be working in an accounting function or a geologist in an engineering function. Therefore, the function code selected is based on the type of activity (i.e., accounting function) and not type of position (i.e., budget analyst) associated with the FTE. This year, as in the past, offices are being asked to associate position titles/position series, as well as function codes to FTEs in order to assist management in determining potential competitive sourcing A-76 study candidates.

**4.2** Please keep in mind that the FAIR Act inventory is based on describing the activities of the Department by FTEs. Please be aware of the following for the 2008 inventory:

OMB allows for the reporting of fractional FTE in the inventory submission; however, agencies shall not report fractions smaller than one-quarter unless a request for a waiver is granted by OMB. Part-time or seasonal employees should be accurately reported as fractional FTE. Splitting FTE into multiple function codes should only be done in cases where a single FTE performs two or three completely separate functions. For instance, nearly all positions have an administrative component; however, it is unnecessary to artificially separate this from the rest of the position duties. Except in rare instances, an FTE should be assigned a single function code selected on the basis of the predominant type of work performed.

**4.3** The IGCA inventory accounts for the type of work activity authorized to be performed — FTE authorizations — regardless of whether the position associated with the FTE is burdened or not (filled or vacant). FTEs are reported regardless of whether the incumbent of the position associated with the FTE is borrowed or diverted to perform other work; is on temporary or extended detail, leave, or training; or has full or part-time collateral duties. Please consider the following on this subject:

The number of FTE reported in each agency's inventory should reflect the number of budgeted FTE the agency is assigned. Therefore, all budgeted FTE should be included in agency inventories regardless of personnel status (i.e. Civil Service, Political Appointees, and Foreign Service). Moreover, FTE ought to be reported whether the FTE is filled, vacant, on a non-reimbursable detail, or on extended leave.

**4.4** The IGCA inventory is based on current processes, procedures, organizational structures, equipment, and workloads. Offices may not omit or add FTEs or code FTEs based on presumed improvements to organizational structures, equipment, technologies, work arrangements, processes, or procedures, except to the extent that doing so permits the office to report the FTE level (including vacancies) for FY 2008, as set forth in the FY 2008 Budget.

**4.5** The definitions for the acquisition functions in this list are not intended to reflect or align with the Department’s definition for the “Acquisition Work Force” as addressed in DOE Order 361.1. The Department’s definition for the “Acquisition Work Force” is based on organizations and occupational series. As explained above, DOE functions are based on the type of work performed regardless of its organization and are not based on (or necessarily relate to) occupational series / occupational specialties.

**5. DATA ANALYSIS.**

**5.1** The definition for each function code describes the type of work performed. The functional definition does not reflect:

- (1) whether the function is inherently governmental or commercial in nature;
- (2) whether the function is subject to, or exempt from, competition;
- (3) how functions or activities are packaged for competitive sourcing; or,
- (4) how FAIR Act challenges and appeals are handled.

It is important to keep in mind that the inventory information will be reviewed by parties internal and external to DOE. Those parties may not be aware of the fact that management and organizational arrangements, geographic dispersion, span-of-control, and management relationships differ greatly among DOE offices. Also, they may not be aware of the degree to which DOE offices rely on inter/intragovernmental support and private sector services and the level of such support. In order to assess the type of activity or to question inherently governmental and commercial designations of FTEs, parties may make DOE-wide comparisons of functions, functional groups, functional categories, or organizational levels. By documenting the rationale behind your coding decisions, any questions resulting from the review and analysis of your inventory should be easier to answer.

## **Enclosure 2 - IGCA Inventory Function Codes**

Complete list of 2008 Inherently Governmental and Commercial Activities Inventory Function Codes may be accessed through the Office of Competitive Sourcing/A-76 web page at <http://www.management.energy.gov/A76.htm>, through the “FAIR Act Inventory” link.

## **Enclosure 3 - List of selected Function Codes with definitions**

List of selected Function Codes with definitions may be accessed through the Office of Competitive Sourcing/A-76 web page at <http://www.management.energy.gov/A76.htm>, through the “FAIR Act Inventory” link. This list includes definitions for some of the function codes. The definitions are based on information contained in the Department of Defense Guide for Inventory Submission. The DOE IGCA Inventory is not restricted to just the function codes that are defined in this section. The complete list of Function Codes is referenced in Enclosure 2.

## Enclosure 4 - Reason Codes with definitions

**Reason Code Z**= Inherently Governmental Function pursuant to a written determination by the CSO.

The term “inherently governmental function” means a function that is so intimately related to the public interest as to require performance by Federal Government employees. The term includes activities that require either the exercise of discretion in applying Federal Government authority or the making of value judgments in making decisions for the Federal Government, including judgments relating to monetary transactions and entitlements. An inherently governmental function involves, among other things, the interpretation and execution of the laws of the United States.<sup>1</sup>

The Federal Activities Inventory Reform Act of 1998 and CIRCULAR NO. A-76 provides detailed information on coding functions as Inherently Governmental. These could be accessed through the [Competitive Sourcing](#) website under [Operating Guidelines](#).

**Reason Code A** = Commercial Activity not appropriate for private sector performance pursuant to a written determination by the CSO.

OMB Circular A-76 authorizes an agency’s CSO to exempt a commercial function performed by government personnel from competition on the basis that the activity is not appropriate for private sector performance. The Circular requires agencies to prepare justifications to support the designation of commercial reason code A functions. The OMB FAIR Act guidance requires agencies to submit these justifications along with their annual inventory. The Circular does not specify what constitutes an acceptable reason for categorizing a function as reason code A. Below is a guide to help agencies structure their reason code A justifications so that agencies may achieve incremental improvements with each inventory submission.<sup>2</sup>

### Reason Code A Justification Guide

Justifications should reflect an appropriate and consistent application of criteria. They should contain enough information to enable a reasonable lay person to validate the function and reason code designations. The key elements of a complete justification are the following: a thorough definition of the function performed, including required skills and responsibilities, and a clear explanation of why it is necessary for the commercial function to be categorized as unsuitable for competition.

*Risk to the Agency.* Many agencies seek to exempt certain functions from competition on the grounds that the function is “core to the agency’s mission.” As a general matter, a function should be considered core to an agency’s operation only if -- and only to the extent that -- loss of in-house performance of the function would result in *substantial*

<sup>1</sup> Federal Activities Inventory Reform Act of 1998 / Public Law 105-270 - OCT. 19, 1998

<sup>2</sup> OMB Guidance for use of Commercial Reason Code A Justifications

*risk* to the agency's ability to accomplish its unique mission. Consider the following examples:

- Project managers and designated contracting officer representatives (commonly referred to as CORs or COTRs) may be considered core functions. An agency is likely to find that its operations would be at substantial risk if there were no in-house employees to perform these functions. However, these functions should be considered core *only* to the extent required to avoid substantial risk – i.e., not every FTE in these categories is necessarily core since it would not put an agency's mission at risk to have a portion of these functions performed by contractors, so long as a sufficient number of FTE remained in house to perform the necessary oversight.
- Repairing computers and routing telephone calls are not core functions. Although these functions provide essential support to daily agency operations, they do not accomplish the unique mission of any agency and the potential conversion of the entire function to contract performance would not, in the ordinary course, expose the agency to substantial risk.

*Preponderance of Duty.* When evaluating functions, the FTE should be categorized based on the work they are actually performing, not on the title assigned or the certification acquired. For example, an FTE who has taken COR training, but does not perform that function as part of their regular duties, can not be considered a COR for purposes of assigning status or reason code on the inventory.

### **Examples of Acceptable Reasons to Use Commercial Reason Code A**

The statements below are examples of summary justifications that offer meaningful rationales to explain why a particular activity is not suitable for competition. The examples are illustrative and agencies need not use the exact verbiage in the examples in order to have a reasonable justification.

*Note:* Many of the acceptable reasons cited below for categorizing a function under reason code A include the qualifying phrase “sufficient number” to indicate that only a fraction of the total number of FTEs performing the function have been designated as reason code A. As explained above, it is ordinarily neither necessary nor appropriate to exempt an entire function or business line from competition to avoid substantial risk to the agency. There is no prescribed ratio of commercial reason code B to commercial reason code A FTEs within a function; this ratio will vary depending on the nature of the function. The same risk analysis conducted to determine whether a function is “core” should be conducted to determine the “sufficient number” of any given commercial reason code A function.

### **Examples:**

- A *sufficient number* of FTE are required to provide independent, day-to-day oversight of core agency function.

- Function requires a *sufficient number* of specialized FTE with expertise of agency systems and procedures.
- Agency requires a *sufficient number* of trained and experienced FTE with historical knowledge to ensure continual performance of a *core* function.
- Agency requires a *sufficient number* of FTE within this function to provide an inhouse cadre of suitable candidates for career growth in mission critical areas of the agency.
- Function routinely requires working with proprietary, sensitive, pre-decisional business information to develop various proposals for consideration by inherently governmental final agency decision makers.
- The FTE performing a commercial function are currently filled by individuals with disabilities.

This justification must be applied on an individual FTE basis. In other words, it may not be applied to all FTE within a function simply because the majority of those FTE are currently filled by individuals with disabilities.

- FTEs currently performing function require distinctly multiple skill sets, so that the agency has the flexibility to rotate FTE between assignments as needed for maximum productivity potential.

It is expected that this justification will be used by a small number of agencies. An example of appropriate application would be for an FTE who primarily performs a physically or mentally straining activity, but it is periodically assigned desk work in part to provide relief from the strain and maintain sharpness in their primary duty.

- Function is performed by a student intern as a part of formalized program for federal recruitment.

### **Examples of Acceptable Complete Justifications for Commercial A Functions**

The examples below illustrate what may constitute an acceptable complete justification. Agencies are allowed flexibility in defining function codes, so mock function codes have been substituted.

**DXXX Commercial** - This FTE establishes accountability policies and procedures, and provides independent, day-to-day oversight over accountability of Government security documents manufactured. The FTE draws on specialized knowledge of the Bureau's manufacturing and accountability systems and procedures to ensure that assets are safeguarded from waste, loss, misappropriation, etc. The systems accountant is

responsible for conducting physical inventories that are reviewed by external auditors. This FTE is responsible for conducting unannounced inventories of various products. The FTE provides software application support, to include system enhancements, for all manufacturing and accountability systems users. The FTE coordinates system requirements for production and support division with various headquarter offices for proper tracking of the product through production process. Specialized knowledge and expertise in the Bureau's Product Accountability System is required to adequately perform these functions.

**CXXX Commercial** - The Bureau must have a sufficient number of trained and experienced staff to ensure the timely and accurate formulation, completion and review of all required financial reports. This requires employees with prerequisite accounting skills and specialized knowledge of the Bureau's revolving fund financing, as well as a thorough understanding of the Bureau mission. The need for these FTE's to provide essential technical information, advice, review and oversight increases directly with the increase in the degree of involvement of contractors in the Bureau's financial activities. Additionally, this function has historically provided an in-house cadre of talented financial management candidates for the Bureau's core functions.

**CXXX Commercial** - The FTE's associated with Cost Accounting are primarily responsible for developing prices of Bureau products for the purpose of funding present and future operations and maintaining the integrity of the Bureau's revolving fund. They are also responsible for monitoring monthly manufacturing performance with respect to established standards, and reporting such findings to management. The development, and subsequent review, of product prices is a challenging task, due to the complexity and dynamics of the security-printing environment. The historical knowledge of Bureau operations, the specialized knowledge and analytical skills required by these positions, and their impact on the integrity of the Bureau's revolving fund, require that these skills remain in-house. Additionally, this function has historically provided an in-house cadre of talented candidates for the Bureau's core functions.

**CXXX Commercial** - Cost analysis is directly linked to the Bureau's mission "to securely and efficiently produce currency." The FTE's involved in cost analysis are responsible for monitoring the effectiveness of product prices, performing cost analyses used for go/no go decision making, and analyzing favorable and unfavorable cost variances related to monthly manufacturing performance. Their analyses help ensure the integrity of the Bureau's revolving fund. Further, this function routinely works with proprietary, pre-decisional business information to develop cost analyses on various proposals and what-if scenarios for the exclusive, confidential consideration of Bureau executive management. Because of the specialized knowledge of Bureau operations and analytical skills required to provide management with the information needed to effectively and efficiently operate the Bureau, these positions should remain in-house. Additionally, this function has historically provided an inhouse cadre of talented financial management candidates for the Bureau's inherently governmental management and oversight functions.

**TXXX Commercial** - These FTE's are currently occupied by individuals with severe physical disabilities, psychiatric disabilities, or who are mentally challenged, who were hired noncompetitively on the basis of their disabilities using Schedule A authority, and who require ongoing and continuing employment accommodation. These positions have been set aside for the larger governmental purpose of providing gainful employment for those individuals who otherwise have limited employment options in the private sector. This action is consistent with the federal government's role as a model employer for persons with disabilities. Accordingly, the Bureau has no intent of competing these positions at this time.

**DXXX Commercial** - These FTE's provide oversight to the Bureau's Quality Management System and Management Controls programs by conducting Internal Quality audits and Internal Control reviews (including unannounced physical inventories reviewed by external auditors) of BEP production, support, and administrative activities. An Internal Quality audit program is required to maintain International Organization of Standards (ISO) certification. Due to the specialized knowledge of Bureau quality procedures, access to confidential business information, and the nature of the production, support, and administrative operations to be audited, contracting out this function would not be appropriate. The Internal Control reviews also performed by these FTE's are often focused on security and accountability over Bureau products and require access to sensitive security information, and consequently, contracting out this function would pose risk and vulnerability to the Bureau.

**YXXX Commercial** - These core functions are critical to the agency's mission as they entail the operation of offset and intaglio printing equipment and electronic inspection equipment by highly skilled plate printers, pressmen, and bookbinders. The Bureau of Engraving and Printing is the largest single employer of plate printers in the United States with only a limited number of private sector companies with a limited number of individuals employing this particular skill. Bookbinders and Pressmen, either trained in the private sector or trained in-house, have specialized knowledge of major pieces of inspection and processing equipment and they too, are in short supply in the private sector. Plate Printing operations, inspection operations, and finishing operations coupled with the highly skilled, difficult-to-replace individuals in both the Washington, DC and Fort Worth, TX facilities must remain an integral part of the Bureau and cannot be contracted to the private sector. This level of sophistication and experience of the workforce enables the flexibility to assign individuals to either the currency program or the special security products program and enhancing the productivity of both programs.

**BXXX Commercial** - This is a Schedule B FTE under the Student Educational Employment Program (SEEP). SEEP is a program specifically designed to further the government objectives of encouraging individuals to attend institutions of higher learning by providing an additional source of income to offset some of the expenses incurred in attending school. The program also increases student and society awareness of the Federal government as an employer and expands employment opportunities for students in school. Therefore, it is reasonable that this position while clearly a commercial activity not be considered under the A-76 process for commercialization.

**Note:** At DOE, designation of FTE with Reason Code A **does not** exclude the FTE from potentially being included in DOE's Competitive Sourcing Competitions.

**REASON CODE B** = The commercial activity is suitable for a streamlined or standard competition.

Reason Code B should be applied to any FTE performing a function or activity that could be subjected to public-private OMB Circular A-76 competition.

**REASON CODE C** = The Commercial Activity is the subject of an in-progress streamlined or standard competition.

FTEs identified with Reason Code C are those that were included in announced DOE functional area competitive sourcing studies, and exclude those FTEs the Competitive Sourcing Executive Steering Group (ESG) has released from study. (FTE excluded from study by the ESG shall be identified in the appropriate Reason Code). The DOE Reason Code C sub-codes are as follows:

C1 – Albany Research Center positions identified as part of the 2005 Competitive Sourcing Studies.

C3 – Radiological and Environmental Sciences Laboratory positions identified as part of the 2006 Competitive Sourcing Studies.

**REASON CODE D** = The Commercial Activity is performed by government personnel as the result of a standard or streamlined competition (or a cost comparison, streamlined cost comparison or direct conversion) within the past five years.

D1 - Graphics FTEs representing the implemented MEO resulting from the 2002-2003 Competitive Sourcing Studies.

D2 – Financial Services FTEs representing the implemented MEO resulting from the 2002-2003 Competitive Sourcing Studies.

D3 – NNSA Logistics FTEs representing the implemented MEO resulting from the 2002-2003 Competitive Sourcing Studies.

D4 – Human Resources Training FTEs representing the implemented MEO resulting from the 2002-2003 Competitive Sourcing Studies.

D5 – Albany Research Center Logistics FTEs representing the implemented MEO resulting from the 2002-2003 Competitive Sourcing Studies.

D6 – Information Technology FTEs representing the implemented MEO resulting from the 2002-2003 Competitive Sourcing Studies.

D7– New Brunswick Laboratory FTE representing the implemented MEO resulting from the 2005 Competitive Sourcing Studies.

D8 - Legacy Management FTE representing the implemented High Performing Organization (HPO) via memo transmitted in February 2007 from OMB.

**REASON CODE E**= The Commercial Activity is pending an agency approved restructuring decision (e.g., closure, realignment).

DOE offices shall use Reason Code E for all FTEs performing activities in a function that has been deferred from a streamlined or standard competition pending the results of an approved force restructuring decision. This code is limited to restructuring initiatives such as approved site closures, or functional realignment or consolidation actions that have been approved in writing.

**REASON CODE F**= The Commercial Activity performed by government personnel due to a statutory prohibition against private sector performance.

Any use of Reason Code F will be supported in the narrative description submitted to the Office of Competitive Sourcing/A-76 at the time of submission of the inventory data collection tool.