

FISCAL YEAR 2010 SERVICE CONTRACT INVENTORY REPORT

Section 743 of Division C of the FY 2010 Consolidated Appropriations Act, P.L. 111-117, requires civilian agencies to prepare an annual inventory of their service contracts and to make it publicly available by posting the inventory on the agency's Web site. On November 5, 2010, the Office of Management and Budget (OMB) issued guidance to help agencies prepare their initial inventory covering service contracts in fiscal year (FY) 2010. The guidance required agencies to post the analysis of its Service Contract Inventory (SCI) on the Web. It also required agencies to submit a report suitable for public disclosure discussing its analysis of the FY 2010 SCI and the use of contractors for the special interest functions that the agency selected to study. Below is the Department of the Interior (DOI) analysis of its FY 2010 SCI in the format prescribed by the Office of Federal Procurement Policy (OFPP) draft memorandum provided to Executive agencies, dated November 2, 2011.

a. The special interest functions studied by the agency, the dollars obligated to those specific product and service codes (PSCs) in FY 2010 and the rationale for focusing on the identified functions.

The list below reflects the special interest functions DOI analyzed from its FY 2010 SCI. The list includes five functions in the category of *Information Technology Support Services*, and 10 in *Professional & Management Services*.

The functions were selected based on recommendations from each of the nine DOI bureaus, the Office of Acquisition and Property Management, or designation by OMB in its November 5, 2010 guidance. Selection factors included the ten highest spend categories, the total number of actions awarded, and status as a high risk contract. A high risk contract is defined as non competitive, cost-reimbursement type contract (labor hours, time and material, etc.) and a high visibility contract (politically sensitive).

The DOI SCI and the recommended OMB inventory lists differ by six PSCs. They are: B505-Cost Benefit Analyses, R413-Specifications Development Service, R423-Intelligence Services (not on the DOI list) and C219-Other Architects & Engineering General, D399-Other ADP & Telecommunication Services, and R499-Other Professional Services (not on the OMB list).

Department of the Interior			
Fiscal Year 2010 Service Contract Inventory – Special Interest Functions			
Product & Service Code	Description of Function	Dollar Obligations (rounded)	Number of Actions Awarded
C219	Other Architects & Engineering General	108,818,428	573
D302	ADP Systems Development Services	14,122,909	64
D307	Automated Information Systems Services	47,371,590	103
D310	ADP Backup and Security Services	5,869,925	15
D314	ADP System Acquisition Support Services	472,324	3
D399	Other ADP & Telecommunication Services	90,569,848	251
R406	Policy Review/Development	384,387	4

	Services		
R407	Program Evaluation Services	618,267	9
R408	Program Management/Support Services	32,211,297	108
R409	Program Review/Development Services	3,137,872	14
R414	Systems Engineering Services	19,960,021	76
R425	Engineering & Technical Services	35,705,339	92
R497	Personal Services Contracts	793,892	9
R499	Other Professional Services	77,741,932	705
R707	Management Services/Contract & Procurement Support	7,623,434	72

b. The methodology used by the agency to support its analysis (e.g. sampled contract files, conducted interviews of members of the acquisition workforce working on specific contracts of interest.

- The DOI Office of Acquisition and Property Management compiled its SCI using data from the Federal Procurement Data System – Next Generation (FPDS-NG) for DOI-funded contracts exceeding \$25,000. The inventory included purchase orders, contracts and task orders.
- The Department identified 2098 contracts, valued at \$445,401,465 across all DOI bureaus. This constitutes 2 per cent of total contract actions (90,461) and less than 7 percent of total dollars (\$6.1 billion) obligated in FY 2010.
- After the initial SCI was completed, DOI senior leadership, including Bureau and Office Heads, the Chief of Human Resources, and the Chief Information Officer, were briefed on the PSCs designated by OMB for analysis; and were also provided the opportunity to suggest other potential categories for review. This resulted in a final inventory comprised of both OMB recommended and PSCs unique to DOI.
- The DOI Assistant Secretary for Policy, Management and Budget subsequently issued a memorandum directing the bureaus to conduct a meaningful analysis of their contract actions identified in the SCI. Each bureau designated a coordinator, outside the acquisition community, to look across programs to ensure that:
 - Personal services contracts are in accordance with applicable laws and regulations;
 - Special management attention is given to functions that are closely associated with inherently governmental functions;
 - Contract employees are not performing inherently governmental functions;
 - Specific safeguards and monitoring systems are in place to ensure work performed by contracts has not changed or expanded during the period of performance to become an inherently governmental function;
 - Contract employees are not performing critical functions that could affect agency control of its mission and operations; and
 - Sufficient resources exist to effectively manage and oversee contracts.

- SCI Coordinators conducted several conference calls to identify the best operational approach to completing the Appendix D analysis. The Office of Acquisition and Property Management created a SharePoint site to facilitate coordination of working documents related to the SCI.
- The DOI Acquisition Management Partnership, a senior acquisition leadership group comprised of Bureau Procurement Chiefs and key Department officials, agreed to implement a standard questionnaire template to be used to assist each bureau with its analysis of the SCI.
- An individual inventory questionnaire (template) was created and provided to each bureau contracting office to complete. Contracting officers were instructed to collaborate with the program office for each contract identified in the inventory under a DOI Special Interest Function PSC and complete the questionnaire.
- Each completed questionnaire was reviewed to determine whether the proper PSC was used. The analysis performed covered each of the topics outlined in Appendix D of the November 5, 2011 OMB memorandum. Most questionnaires were first reviewed by Chief Contracting Officers for logic and completeness and then forwarded them to the Bureau Procurement Chief for further review. Bureaus reported their results to the Department, which included coordination with Bureau HR and CIO representatives.
- The Office of Acquisition and Property Management conducted a further review of 110 randomly sampled questionnaires completed by the bureaus to assess their answers to the OFPP Appendix D.

c. Agency findings, including a brief discussion of the extent to which the desired outcomes described in section 743(e)(2) are being met (e.g., 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).

The Department of the Interior used its service contract inventory to gain insight into where, and the extent to which the work of the Department is performed by its contractors. The SCI also provided a method to assess whether contracts involving critical functions or functions closely associated with inherently governmental functions are properly executed. Contract services are being used by all DOI bureaus to support the Department's mission in various ways. Typically, contracted services are being utilized for technical expertise, temporary support or surge support to fill gaps of coverage on a temporary basis or to supplement the Government and improve customer service. The results of the SCI demonstrated that adequate safe-guards are in place to ensure contracts are being properly utilized. These 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 clear performance based statements of work.

Although a number of questionnaires returned by the bureaus were incomplete, DOI was able to glean sufficient supporting information to ensure that:

- Contracted services, for the most part, are being properly utilized to support the Department's mission in a variety of ways, including information technology, software development,

architectural and engineering services, facilities maintenance, and other technical support services. Many contracts are for data gathering, data analysis, and various types of field work, requiring specific tasks.

- The balance between the work of contractors and the work of DOI federal personnel is appropriate. However, mission activities are heavily supported by contract services in some areas, primarily information technology and management and procurement support services.
- The inventory did not result in a determination that any contract position should become a federal position.

The questionnaires also revealed several areas that warrant attention:

- Personal Services Contracts are being reported in the FPDS-NG that may not be in accordance with applicable laws and regulations.
- More management attention is required to ensure contract employees are not performing inherently governmental functions, such as contractors certifying other contractor invoices for payments.
- Greater management focus is needed to ensure sufficient contract oversight is conducted.

Bureau analyses included the following:

- The Bureau of Reclamation chartered a Coordination and Oversight Group (COG) in FY 2009. The focus of the COG is to implement a business model for managing engineering and other technical services (e.g., design, construction, environmental compliance, and planning). Among the objectives of the COG are maintenance of core technical skills and strategic determinations of outsourcing. The COG conducts an annual review of contracts to ensure that expertise is maintained within the Government workforce and to identify those skill sets where the internal expertise is diminishing.
- The Fish and Wildlife Service is experiencing an over-reliance on contractor support for procurement services as the Bureau transitions to the Financial and Business Management System. Plans are to discontinue such support however, after the transition.
- Many of the Bureaus reported coding errors for the various PSCs identified for their contracts, which were subsequently corrected. This included the Personal Services Contracts PSC.
- Several Bureaus faced challenges related to the availability and expertise of technical personnel to support the American Recovery and Reinvestment Act requirements in FY 2010, especially related to construction management services. As a result, they relied on contract support for such services.

d. Actions taken or planned by the agency to address any identified weaknesses or challenges.

- Personal Services – Review Departmental and Bureau policies to determine the need for any revisions and actions to strengthen oversight.
- HR and OCIO – Advance Human Resources and Office of the Chief Information Officer participation by engaging those organizations early and throughout the process.
- Questionnaire – Evaluate the questionnaire and make any changes that will promote the collection of more meaningful responses for analysis.
- Reporting – Continue the accuracy on reporting to strengthen analyses resulting from reliable data.

This report was coordinated with the Office of Human Resources and the Office of the Chief Information Officer. Questions or comments regarding this report may be addressed to Brigitte Meffert, Senior Procurement Analyst, Office of Acquisition and Property Management, 202-254-5514, or Brigitte_Meffert@ios.doi.gov.