




UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
 WASHINGTON, D.C. 20580

Financial Management Office

December 21, 2012

MEMORANDUM TO OFFICE OF FEDERAL PROCUREMENT POLICY

FROM: Juliet Felent 
 Acting Chief Acquisition Officer

SUBJECT: Service Contract Inventory Analysis, 2011

This memorandum serves as the report on the Federal Trade Commission (FTC) analysis of the FY 2011 service contract inventory and the use of contractors for the special interest functions that we selected to study, as required by the OFPP memorandum dated November 5, 2010, subject Service Contract Inventories, and the follow-on OFPP memorandum dated December 19, 2011, regarding the same subject.

A. Special Interest Functions studied by the FTC

The FTC chose two (D310 & R707) special interest functions to study:

PSC Code	PSC Value	Contract	Obligated Amount	General Description
D310	ADP Backup/Security	FTC-11-G-1085	\$158,340.00	PIV Card Support
D310	ADP Backup/Security	FTC-11-G-1089	\$320,290.60	Software Subscription Maintenance
R707	Mgmt Svcs/Contract/Proc. Support	FTC-09-G-9087	\$95,295.67	Administrative (clerical) support to ACQ Branch

The FTC chose these two specific PSC activities because they relate well to the small-agency services purchased by the FTC, while providing a good starting point to gain insight into the effectiveness of using contract labor to support the agency's activities. These services also are allied to functions being performed by in-house resources, thus giving us the opportunity to analyze the mix to see if it is appropriate and not compromising the inherently governmental/critical functions.

B. Methodology used to support the analysis

The FTC analyzed the contracts for these two PSC's by reviewing 100% of the contract actions awarded during FY 2011 against these codes. The obligated amounts, Contract Line Item Numbers, and Statements of Work were reviewed to identify risk to the Government in imbalance between federal employees and contractors in given programs. This preliminary analysis was performed by the Senior Contracting Officers via careful scrutiny of contract documents as well as interviews with members of the acquisition workforce. Careful attention was paid to the three aforementioned contracts in scrutinizing the extent to which administrative services within the Acquisitions Branch were acting in scope. It was determined that the two contract employees perform strictly administrative functions, such as electronic distribution of modifications and awards performed by federal staff, fully adhering to the operations outlined in the scope of their contracts.

C. Findings

The following specific findings are noted as a result of the FTC analysis:

a) no personal contract actions were awarded by the FTC during FY 2011.

b) no work being performed under the reviewed contracts is considered inherently governmental work, and no work is closely associated with inherently governmental work. We noticed that all of the work in these categories is specifically insulated from inherently governmental work by procedures designed to accomplish and maintain that separation. Furthermore, special management attention per FAR 37.114 is given to service contractor employees to ensure their work is within scope.

c) none of the work being performed in the contracts reviewed is consider critical to the success of the FTC mission. We have noted that these contract services are being used to supplement the government resources to enhance support services for the mission as opposed to performing critical functions necessary to accomplish the mission.

d) the FTC has gone to great lengths to properly train the agency CORs in their duties to monitor contractor performance to ensure the contractors do not stray from the requirements of the contract documents, and to ensure the processes necessary to segregate the contractors from inherently governmental functions remain in place and are effective. Additionally, the FTC requires post-award changes to contracts be reviewed by the Program Managers, CORs, and Contracting Officers to identify, among other things, potential encroachments into inherently governmental areas, before acquisition action is initiated.

e) during this review, the FTC found that sufficient internal agency resources are being employed to manage and oversee these contracts effectively.

D. Actions taken or planned

Although no weaknesses or challenges were identified during the FY11 analysis, the FTC Chief Acquisition Officer, in follow-on action steps outlined in previous submissions to OMB on this matter, has issued guidance to agency CORs and Contracting Officers. In addition, the guidance provided by the Acquisition Branch throughout the year reinforces the importance of proper contract management in preventing the risk or appearance of contractors performing inherently governmental and/or critical functions.