



U.S. Department of Housing and Urban Development
Washington, D.C. 20410

CHIEF PROCUREMENT OFFICER

Analysis of Fiscal Year (FY) 2013 Service Contract Inventory

Background:

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.

Scope:

This analysis is submitted in accordance with Section 743 of Division C of the FY 2010 Consolidated Appropriations Act (P.L. 111-117) and the Office of Federal Procurement Policy Memorandum entitled "Service Contract Inventories" dated December 19, 2011. The Office of the Chief Procurement Officer (OCPO), Department of Housing and Urban Development (HUD) selected the following special Product or Service Code (PSC) functions from its FY 2013 service contract inventory to be evaluated for further analysis:

Table 1: FY13 Service Inventory

PSC	Special Interest PSC Description	FY 2013 Dollars Obligated	% Total Obligations
D302	ADP Systems Development Services	\$165,654	<1%
D307	AUTOMATED INFORMATION SYSTEMS SERVICES	\$5,811,743	11.4%
D406	POLICY REVIEW/DEVELOPMENT SERVICES	\$4,826,340	9.5%
D408	PROGRAM MANAGEMENT/SUPPORT SERVICES	\$30,238,234	59.4%
R425	ENGINEERING AND TECHNICAL SERVICES	\$5,974,078	11.7%
R499	SUPPORT- PROFESSIONAL: OTHER	\$3,812,685	7.5%

HUD elected, during this service contract inventory review, to research all contracts associated with special interest functions identified by the Office of Management and Budget (OMB) in its 2010 memorandum. In addition to the PSC codes identified by OMB, HUD included PSC Code R499 as it represented a function where there is a government-wide potential for inappropriate use of high risk awards and the mix of contract labor and federal employees is a major concern. When establishing the population for review, HUD found only the above identified six Product/Service Codes (PSC) codes in its 2013 service contract inventory.

The total population for this review is sixty-nine (69) contracts (including HUD's service contract inventory list that was submitted to MAX.gov with this plan). The contracts selected excluded Closing Agent service contracts (PSC R499) specifically because those contracts have extensive oversight within HUD and have previously been reviewed to ensure inherently governmental services had not been acquired, and, in the case of closing agent services, HUD has a long history of having acquired these services using a consistent format.

Methodology:

The analysis was conducted by examining the most significant awards reported in the Federal Procurement Data System (FPDS) under the selected special interest PSCs, in addition to, utilizing findings from the Risk Management & Compliance Unit (RM&CU) review of the data set selected and any lessons learned from prior and current Procurement Management Reviews, policies and initiatives. The population is sixty-nine awards between the periods of October 1, 2012 through September 30, 2013 containing the specified PSC codes with obligations over \$25,000. The confidence level is 100%.

An analysis of the business size as a percentage of obligations within the population was calculated as part of the review.

To validate the CO's determination of inherently governmental services for this review, the OCPO RM&CU utilized the HUD Integrated Acquisition Management System (HIAMS) in the completion of its FY 2013 analysis. The tasks annotated in the Statement of Work (SOW) and or Performance-based Work Statement (PWS) contained within HIAMS were compared against Federal Acquisition Regulation (FAR) Subpart 7.5 to determine if the contractors were performing inherently governmental functions. Additionally, the labor categories were assessed to determine whether a program or project manager was included as part of the technical approach. Finally, the coding associated with inherently government functions, found in the description of each identified FPDS record was scrutinized against the contract terms and conditions to ensure accuracy in reporting.

Findings:

RM&CU conducted a random review of the Service Contract Inventory in HIAMS. The population was sixty-nine awards (69) between the periods of October 1, 2012 through September 30, 2013 containing the specified PSC codes with obligations over \$25,000. The confidence level was 100%. RM&CU reviewed the contracts in HIAMS, thoroughly examined the associated statement of work for each contract and identified whether a program or project manager was included as part of the technical approach.

The results indicate:

- 100% of the statements of work **did not** contain inherently governmental functions; and

- Further supporting that finding, 68% of the contracts (47 out of 69) **did** include program or project managers as part of the technical approach. The other contracts were not for services requiring program/project manager oversight.

As a result, HUD is pleased to report that none of the reviewed contracts contain inherently governmental functions.

Actions taken or planned: HUD will continue to review the list of contractors and report any issues. There are no open issues from previous reviews.

Accountable Officials: The Department's senior management official who is accountable for the development of agency policies, procedures, and training associated with the OFPP Letter 11-01 addressing the performance of inherently governmental and critical functions (*this designation is already required by section 5-4(e) of the Policy Letter*) is Keith W. Surber, Acting Chief Procurement Officer. Mr. Surber serves as the senior management official responsible for ensuring appropriate internal management attention is given to the development and analysis of service contract inventories.

HUD Point of Contact:

If you have any questions, please contact Mr. Lawrence E. Chambers, RM&CU Director, Office of Policy, Systems and Risk Management at (202)-402-6716 or Lawrence.e.chambers@hud.gov.

Attachment