



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

CHIEF PROCUREMENT OFFICER

**Department of Housing and Urban Development  
Analysis of Fiscal Year (FY) 2012 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 2012 service contract inventory to be evaluated for further analysis:

Table 1: FY12 Service Inventory

PSC	Special Interest PSC Description	FY 2012 Dollars Obligated	% Total Obligations
D307	AUTOMATED INFORMATION SYSTEM SVCS	\$3,338,716.00	13.58%
D314	ADP ACQUISITION SUP SVCS	\$663,000.00	2.70%
R425	ENGINEERING AND TECHNICAL SERVICES	\$5,360,411.00	21.80%
R499	SUPPORT- PROFESSIONAL: OTHER	\$14,881,333.00	60.53%
R707	MGT SVCS/CONTRACT & PROCUREMENT SUP	\$341,913.00	1.39%

The five PSCs were selected for analysis from HUD's FY 2012 inventory because HUD wants to expand its 2011 review of these PSC codes to a nationwide review, and because they represent an area or risk within HUD. For example, Product Service Code R499, Other Professional Services, is 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.

The total population for review is twenty-four (24) contracts (included on the inventory list submitted to MAX.gov on January 11, 2012). The contracts selected exclude the Closing Agent service contracts (PSC R499) specifically because these 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 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 twenty-four awards between the periods of October 1, 2011 through September 30, 2012 containing the specified PSC codes with obligations over \$25,000. The confidence level was 100%. For this review the OCPO Risk Management & Compliance Unit (RM&CU) utilized the HUD Integrated Acquisition Management System (HIAMS) in the completion of its FY 2012 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.

### **Findings**

RM&CU conducted a random review of the Service Contract Inventory in HIAMS. The population was twenty-four awards (24) between the periods of October 1, 2011 through September 30, 2012 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, 75% of the contracts (18 out of 24) **did** include program or project managers as part of the technical approach.

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

**Actions taken or planned:** Based on this review, no rebalancing of the workforce was required. HUD will continue to monitor contractor performance and report any issues.

**HUD Point of Contact:**

If you have any questions, please contact Nicole Hunt, Procurement Analyst in the Office of the Chief Procurement Officer at 202-402-3868 or [Nicole.T.Hunt@hud.gov](mailto:Nicole.T.Hunt@hud.gov).