



OFFICE OF FEDERAL  
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

November 5, 2010

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS  
SENIOR PROCUREMENT EXECUTIVES

FROM: Daniel I. Gordon   
Administrator

SUBJECT: Service Contract Inventories

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. This memorandum provides guidance to help agencies prepare their initial inventory covering service contracting in FY 2010.

A service contract inventory is a tool for assisting an agency in better understanding how contracted services are being used to support mission and operations and whether the contractors' skills are being utilized in an appropriate manner. An agency manager can gain insight into where, and the extent to which, contractors are being used to perform activities by analyzing how contracted resources are distributed by function and location across the agency and within its components. This insight is especially important for contracts whose performance may involve critical functions or functions closely associated with inherently governmental functions, as may be the case, for example, with contracts for various professional, administrative and management services falling within "Code R" of the Product and Services Code (PSC) Manual. Information about how contract resources are distributed, when taken into consideration as part of a balanced workforce analysis, can help an agency determine if its practices are creating an over-reliance that requires increased contract management or rebalancing to ensure the government is effectively managing risks and getting the best results for the taxpayer.

To maximize the management benefits associated with a service contract inventory and to ensure consistency across agencies, FY 2010 inventories shall be developed by agencies in accordance with the attached guidance. OMB will issue additional guidance to address the preparation of FY 2011 inventories, taking into consideration experiences with the development and use of FY 2010 inventories.

In accordance with section 743, agencies required to submit an inventory in accordance with the Federal Activities Inventory Reform Act of 1998 (Public Law 105-270; 31 U.S.C. 501 note), other than the Department of Defense, shall also prepare a service contract inventory.

Completed inventories shall be submitted to OMB's Office of Federal Procurement Policy (OFPP) through the MAX system. Agencies shall make the inventory available to the public by January 30, 2011. Additional instructions are provided in the attached guidance.

Questions regarding this memorandum may be referred to Jennifer Swartz (tel. 202-395-6811; e-mail: [jswartz@omb.eop.gov](mailto:jswartz@omb.eop.gov)) or Mathew Blum (tel. 202-395-4953; e-mail: [mblum@omb.eop.gov](mailto:mblum@omb.eop.gov)) in OFPP.

Attachment

## **Guidance for the Development and Analysis of Service Contract Inventories for FY 2010**

The effective development and analysis of a service contract inventory as part of human capital planning can help an agency determine if its mix of federal employees and contractors for a given program is effectively balanced or if rebalancing may be required. The Office of Federal Procurement Policy (OFPP) has developed the following guidance to support the creation of service contract inventories for FY 2010.

### **A. Scope of coverage**

1. **Covered agencies.** Agencies subject to section 743 of Division C of the FY 2010 Consolidated Appropriations Act, P.L. 111-117, shall follow these instructions to address the requirements in section 743. Section 743 applies to agencies, other than the Department of Defense, that are required to submit an inventory in accordance with the Federal Activities Inventory Reform Act of 1998 (Public Law 105-270, 31 U.S.C. 501 note).

2. **Covered contract actions.** Agency inventories should include all service contract actions over \$25,000 that were awarded in FY 2010. Agencies should include contract actions that they have funded, including contract actions made on their behalf by other agencies. Similarly, agencies should exclude contract actions that they have made on another agency's behalf with the other agency's funding.

### **B. Development of inventory**

1. **Data elements.** Using information in the Federal Procurement Data System (FPDS), agencies shall develop an inventory of their covered contract actions that includes the elements identified in section 743(a)(3) that are currently available in FPDS. FY 2010 inventories will not be required to include (i) the number of contractor employees, (ii) the total dollar amount invoiced for services, and (iii) the role the services play in achieving agency objectives. Separate efforts are being pursued to facilitate a standard, government-wide data collection process for this information so that it may be incorporated into agency inventories beginning in FY 2011. See Appendix A for a list of required elements for the FY 2010 inventory (and those that will be required in FY 2011). Additional information about the FY 2011 inventory is provided in subsection E, below.

2. **Structure.** The inventory shall be prepared in the standard format and data sequence shown in Appendix B. This standard format requires agencies to organize contract activity by service code to support reviews of contract activity that are focused around specific agency functions. Agencies shall also prepare a summary of their inventory using the standard format in Appendix C. The summary is designed to highlight information on the use of contractors to perform "special interest functions" (see subsection C, below) and also to show the services that accounted for the agency's greatest percentage of spend in FY 2010. Instructions for

downloading information from FPDS into the required formats are provided on the MAX community page, available at <https://max.omb.gov/community/x/z4OqHQ>.

3. **Submission and posting**. Agencies shall adhere to the following statutory deadlines for completion of their inventories:

a. **Submission to OMB**. By December 30, 2010, each agency that is required to submit an inventory in accordance with the Federal Activities Inventory Reform Act of 1998 (Public Law 105-270; 31 U.S.C. 501 note), other than the Department of Defense, shall submit the inventory prepared in accordance with this guidance to OFPP. Submissions shall be made through the MAX system at <https://max.omb.gov/community/x/z4OqHQ>. Instructions for registering with MAX can be found at <https://max.omb.gov/maxportal/>.

b. **Publication**. By January 30, 2011, the agency shall (1) make the inventory available to the public by posting the inventory on its agency homepage, (2) provide OFPP with the Web site address (URL) on which the inventory is being posted so that the inventory can be linked to a central OMB Web page, and (3) publish in the *Federal Register* a notice that the inventory is available to the public along with the name, telephone number, and e-mail address of an agency point of contact.

### C. **Analysis of inventory**

By June 30, 2011, agencies shall conduct a meaningful analysis of the data in their inventories for the purpose of determining if contract labor is being used in an appropriate and effective manner and if the mix of federal employees and contractors in the agency is effectively balanced. Analyses shall cover the elements called for by section 743(e)(2) (see Appendix D for a description of these elements), and be based on reviews informed through sampling of contract files, interviews of program managers and contracting officer technical representatives, and other appropriate information-gathering activities. In carrying out these actions, agencies should review OMB's rebalancing guidance, OMB Memorandum M-09-26, issued on July 29, 2009, and take into consideration, as appropriate, the management responsibilities described in OFPP's proposed policy letter, "Work Reserved for Performance by Federal Government Employees" (75 Fed. Reg. 16188; March 31, 2010), or the final form of that policy letter, when issued. They should also refer to any relevant internal guidance addressing contract management and balanced workforce planning.

As required by section 743(e)(3) and (4), agency analyses should identify contracts that have been poorly performed, as determined by the responsible contracting officer, because of excessive costs or inferior quality; and contracts that should be considered for conversion to--

- (i) performance by Federal employees of the executive agency in accordance with agency insourcing guidelines required under section 736 of the Financial Services and General Government Appropriations Act, 2009 (Public Law 111-8, division D) and OMB Memorandum M-09-26; or

- (ii) an alternative acquisition approach that would better enable the agency to efficiently utilize its assets and achieve its public mission.

Recognizing the challenges associated with conducting meaningful reviews of every contracted function simultaneously, which may involve tens of thousands of actions for some federal organizations and many thousands for others, agencies should give priority consideration to special interest functions. Special interest functions are functions that require increased management attention due to heightened risk of workforce imbalance.

Accordingly, agency reviews shall give priority consideration to agency use of contracted (a) professional and management services and (b) information technology support services. Review of professional and management services should include acquisition support and an appropriate sampling of policy and program management and development services. An illustrative list of suitable functions is provided in Table 1, below. These functions have been identified by OMB for heightened management consideration, based on concerns of increased risk of losing control of mission and operations as identified through a review of reports issued in recent years, such as by the Government Accountability Office, the Commission on Wartime Contracting, agency Inspectors General, Congressional Committees, and the Acquisition Law Advisory Panel (also referred to as the “SARA Panel”), as well as by OMB’s own analysis.

**Table 1. Special Interest Functions – FY 2010**

<b>Description of Function</b>	<b>Product &amp; Service Code</b>
<b>PROFESSIONAL &amp; MANAGEMENT SERVICES</b>	
Cost Benefit Analyses	B505
Policy Review/Development Services	R406
Program Evaluation Services	R407
Program Management/Support Services	R408
Program Review/Development Services	R409
Specifications Development Service	R413
Management Services/Contract & Procurement Support	R707
Intelligence Services	R423
Engineering and Technical Services	R425
Systems Engineering Services	R414
Personal Services Contracts	R497
<b>INFORMATION TECHNOLOGY SUPPORT SERVICES</b>	
ADP Systems Development Services	D302
Automated Information Systems Services	D307
ADP System Acquisition Support Services	D314
ADP Backup and Security Services	D310

Although agencies are expected to evaluate the types of services described above, reviews are not intended to be limited to these activities. Each agency should identify additional contracted functions, as appropriate, and especially if they are critical functions,<sup>1</sup> where the agency may be at risk of overreliance on contractors or other challenges, based on factors such as inadequate contract management support, historical performance challenges associated with contracting, or the level of risk associated with contract performance. Agencies may wish to consider a broader review of a functional area that was the subject of the agency's workforce pilot (under Attachment 2 of M-09-26) where the analysis indicated the agency was overly reliant on contractors. Agency evaluations should be conducted as part of, or in conjunction with, human capital workforce planning reviews and should consider, as appropriate, information in inventories prepared in accordance with the Federal Activities Inventory Reform Act.

In many cases, analysis will reveal that contractor performance remains an acceptable choice, but may require increased oversight to manage performance risk. In some cases, however, analysis may indicate that the work must or should be performed by federal employees.

#### **D. Agency reporting**

By March 1, 2011, the agency should inform OFPP of the special interest functions, by PSC code that it will analyze from the FY 2010 inventory. By December 30, 2011, each agency shall submit a report to OMB that discusses the analyses conducted pursuant to subsection C and the actions taken, including any actions taken to convert functions from contractor to Federal employee performance. The report should indicate concurrence, at a minimum, by the Chief Acquisition Officer / Senior Procurement Executive, the Chief Human Capital Officer, and, if information technology functions are identified as special interest functions, the Chief Information Officer. The report shall include an executive summary suitable for public disclosure with the FY 2011 inventory.

#### **E. Future inventories**

1. **Additional inventory data elements.** Beginning in FY 2011, agency inventories will be required to include: (i) the number of contractor and first tier subcontractor employees, (ii) the total dollar amount invoiced for services, and (iii) the role the services play in achieving agency objectives. This additional information can help to provide a more detailed understanding of how an agency is using contractors to accomplish its mission. Greater visibility into the amount of contractor (and subcontractor) personnel may help an agency in performing a balanced workforce analysis, especially for professional and technical services that are performed by contractor and government personnel co-located in government workspace. Knowing the amount invoiced, in combination with direct labor hours, may help an agency assess the cost-effectiveness of contracted labor.

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<sup>1</sup> For purposes of this guidance document, critical functions are those that are necessary to the agency being able to effectively perform and maintain control of its mission and operations. A function that would not expose the agency to risk of mission failure if performed entirely by contractors is not a critical function for these purposes.

Information on the number of contractor employees is not currently collected on a government-wide basis and requires a regulatory action so that this information may be obtained in a consistent manner from contractors. Information regarding the role the service plays requires additional documentation in the contract file. The Federal Acquisition Regulatory Council will soon publish regulatory changes to address the collection of this information so that these elements may be included in agencies' inventories beginning in FY 2011.

2. **Updating of special interest functions.** Prior to issuing guidance for the FY 2011 inventory, OMB will confer with the President's Management Council, the Chief Acquisition Officers Council, the Chief Human Capital Officers Council, the Chief Financial Officers Council, and the Chief Information Officers Council to consider additions or changes to the list of special interest functions in Table 1 based on current management challenges. Agencies will be expected to continually review and revise, as appropriate, special interest functions for priority analysis.

cc: Chief Human Capital Officers  
Chief Information Officers  
Chief Financial Officers

**Appendix A: Required Inventory Data Elements**

	<i>Phase I - FY10 Inventory</i>	<i>Phase II - FY11 inventory</i>
(A) A description of the services purchased by the executive agency	✓	✓
(B) A description of the role the services played in achieving agency objectives.		✓
(C) The organizational component of the executive agency administering the contract, and the organizational component of the agency whose requirements are being met through contractor performance of the service.	✓	✓
(D) The total dollar amount obligated for services under the contract and the funding source for the contract.	✓	✓
(E) The total dollar amount invoiced for services under the contract.		✓
(F) The contract type and date of award.	✓	✓
(G) The name of the contractor and place of performance.	✓	✓
(H) The number and work location of contractor employees, expressed as full-time equivalents for direct labor, compensated under the contract.		✓
(I) Whether the contract is a personal services contract.	✓	✓
(J) Whether the contract was awarded on a noncompetitive basis, regardless of date of award.	✓	✓



## Appendix B: Standard Inventory Format

PSC	Product or Service Code Description	Contracting Agency	Contracting Department	Funding Agency	Place of Performance City	State	Country	Date Signed	Extent Competed	Fair Opportunity/Limited Sources	Type of Contract	Description of Requirement	Vendor Name	Action Obligation	PIID	Referenced IDV PIID	DUNS Number
AD21	SERVICES (BASIC)	ABC	ABC		SAN FRANCISCO	CA	US	5/13/2009	NOT COMPETED		TIME AND MATERIALS	EXPERT WITNESS SERVICES	ZYX	\$167,500.00	ABC9C9003		1234567
AD21	SERVICES (BASIC)	ABC	ABC		SAN FRANCISCO	CA	US	5/15/2009	NOT COMPETED		TIME AND MATERIALS	EXPERT WITNESS	ZYX	\$128,000.00	ABCC9004		1234567
AD21	SERVICES (BASIC)	ABC	ABC	ABC				3/20/2009	NOT COMPETED		FIRM FIXED PRICE	PUBLICATION OF LEGAL NOTICE	ZYX	\$18,720.00	ABCP0167	DEF00001	234567
AD21	SERVICES (BASIC)	ABC	ABC					3/25/2009	NOT COMPETED		FIRM FIXED PRICE	PUBLICATION OF LEGAL NOTICE	ZYX	\$4,204.80	ABCP0179	DEF00002	234567
AD21	SERVICES (BASIC)	ABC	ABC		CHICAGO	IL	US	5/4/2009	COMPETED UNDER SAP		FIRM FIXED PRICE	CONFERENCE FACILITY LEASING	ZYX	\$3,275.00	ABC04		531263
AD21	SERVICES (BASIC)	ABC	ABC		BOSTON	MA	US	6/16/2009	NOT COMPETED		FIRM FIXED PRICE	OUTREACH CONFERENCE	ZYX	\$440.00	ABC9016	DEF1002	5565555
AD25	SERVICES (OPERATIONAL)	ABC	ABC		WASHINGTON	DC	US	4/16/2009	FULL AND OPEN COMPETITION		FIRM FIXED PRICE	PUBLIC COMPANY ACCOUNTING INTELLIGENCE SUBSCRIPTION SERVICE	ZYX	\$100,800.00	ABCC0149		8855588
AD26	SERVICES (MANAGEMENT/SUPPORT)	ABC	ABC					9/21/2009	NOT AVAILABLE FOR COMPETITION		FIRM FIXED PRICE	SUPPORT SERVICES	ZYX	\$0.00	ABCD9005		1234567
AD26	SERVICES (MANAGEMENT/SUPPORT)	ABC	ABC		ALEXANDRIA	VA	US	3/25/2009	NOT AVAILABLE FOR COMPETITION		FIRM FIXED PRICE	BUSINESS PROCESS REVIEW	ZYX	\$360,695.00	ABC0147	DEF00012	1234567
AD26	SERVICES (MANAGEMENT/SUPPORT)	ABC	ABC		ALEXANDRIA	VA	US	9/22/2009	NOT AVAILABLE FOR COMPETITION		LABOR HOURS	SUPPORT CONTRACTORS	ZYX	\$890,000.00	ABC9078		234567
AD26	SERVICES (MANAGEMENT/SUPPORT)	ABC	ABC		ALEXANDRIA	VA	US	10/2/2008	FULL AND OPEN COMPETITION		FIRM FIXED PRICE	RATIFICATION OF UNAUTHORIZED COMMITMENT	ZYX	\$300.43	ABC17		234567
AD26	SERVICES (MANAGEMENT/SUPPORT)	ABC	ABC		ALEXANDRIA	VA	US	10/2/2008	NOT COMPETED		FIRM FIXED PRICE	RATIFICATION OF UNAUTHORIZED COMMITMENT	ZYX	\$215.00	ABC018	HU12340	531263
AD26	SERVICES (MANAGEMENT/SUPPORT)	ABC	ABC		ALEXANDRIA	VA	US	8/4/2009	NOT COMPETED		FIRM FIXED PRICE	APPLICATION	ZYX	\$33,000.00	ABC99035	JKL34567	5565555
AD61	CONSTRUCTION (BASIC)	ABC	ABC					6/16/2009	FULL AND OPEN COMPETITION		FIRM FIXED PRICE	THE CONTRACTOR SHALL FURNISH ALL LABOR MATERIALS, EQUIPMENT, TRANSPORTATION, INSURANCE, NOTIFICATIONS, LICENSES, PERMITS, FEES, AND SUPERVISION REQUIRED TO PERFORM HVAC ALTERATIONS IN ACCORDANCE WITH THE SPECIFICATIONS, DRAWINGS, CONTRACT CLAUSE AND WAGE RATES.	ZYX	\$110,501.00	ABC007		8855588
AD61	CONSTRUCTION (BASIC)	ABC	ABC					7/21/2009	FOLLOW ON TO COMPETED ACTION	ONLY ONE SOURCE - OTHER	FIRM FIXED PRICE	RATES.	ZYX	\$139,728.00	ABC024		12121212
AF11	EDUCATION (BASIC)	ABC	ABC		WASHINGTON	DC	US	3/6/2009	NOT COMPETED		FIRM FIXED PRICE	AUTHOR'S WORKSHOPS	ZYX	\$5,000.00	ABC0143		1231231
AH93	R&D-OTHER ENVIRONMENT-ADV DEV	ABC	ABC		NEW YORK MILLS	MN	US	8/14/2009	NOT COMPETED		FIRM FIXED PRICE	TAXONOMY	ZYX	\$104,248.00	ABCT00004		115151515
AJ45	ENGINEERING (OPERATIONAL)	ABC	ABC		ALEXANDRIA	VA	US	11/20/2008	NOT COMPETED		FIRM FIXED PRICE	SATELLITE AND ELECTRICAL FEED	ZYX	\$6,750.00	ABCP0053	LMN90009	16161616
B546	STUDY/SECURITY (PHYSICAL & PERSONAL)	ABC	ABC		WASHINGTON	DC	US	9/14/2009	COMPETED UNDER SAP		FIRM FIXED PRICE	INVENTORY AND ASSESSMENT OF AUDIO-VISUAL AND PHOTOGRAPHIC STUDIOS	ZYX	\$59,735.00	ABC9071		8686868
B547	STUDY/ACCOUNTING/FINANCIAL MGT	ABC	ABC		ALEXANDRIA	VA	US	3/4/2009	FULL AND OPEN COMPETITION		TIME AND MATERIALS	EXERCISE OPTION PERIOD 4, OF THE CONTRACT	ZYX	\$500,000.00	ABCT00005		95959595
B550	STUDY/ORGANIZATION/ADMINISTRATION/PERSONNEL	ABC	ABC		WASHINGTON	DC	US	3/3/2009	COMPETED UNDER SAP		TIME AND MATERIALS	FOIA AUDIT SERVICES	ZYX	\$76,000.00	ABC0033		64646464
B550	STUDY/ORGANIZATION/ADMINISTRATION/PERSONNEL	ABC	ABC		WASHINGTON	DC	US	6/19/2009	NOT COMPETED		TIME AND MATERIALS	LEGAL CONSULTING/INVESTIGATIVE SERVICES	ZYX	\$6,503.00	ABCP9025		65656565
C211	A/E SVCS. (INCL LANDSCAPING INTERIO	ABC	ABC		ALEXANDRIA	VA	US	12/18/2008			FIRM FIXED PRICE	A/E SERVICES OP CNTR RENOVATION	ZYX	\$0.00	ABC001		67676767
C211	A/E SVCS. (INCL LANDSCAPING INTERIO	ABC	ABC		ALEXANDRIA	VA	US	12/22/2008			FIRM FIXED PRICE	A/E SERVICES FOR RENOVATION	ZYX	\$7,784.80	ABCO0003		68686868
C211	A/E SVCS. (INCL LANDSCAPING INTERIO	ABC	ABC		ALEXANDRIA	VA	US	3/12/2009			FIRM FIXED PRICE	A/E SERVICES FOR RENOVATION	ZYX	\$42,923.06	ABCT00004		92929292
C211	A/E SVCS. (INCL LANDSCAPING INTERIO	ABC	ABC		ALEXANDRIA	VA	US	5/1/2009			FIRM FIXED PRICE	A/E SERVICES FOR RENOVATION	ZYX	\$45,536.00	ABC0005		3993399
C211	A/E SVCS. (INCL LANDSCAPING INTERIO	DEF	DEF	ABC	ALEXANDRIA	VA	US	5/1/2009			FIRM FIXED PRICE	PROVIDE CONSTRUCTION DOCUMENTS FOR CONVERTING SEVERAL ROOMS INTO A NEWLY RECONFIGURED WORK AREA FOR FACILITIES.	ZYX	\$58,701.00	ABCO0006		8548548548



**Appendix C: Standard Inventory Summary Format** page 2

<i>numbers are illustrative</i>		Small Business Analysis (as % of PSC obligations)									
		Obligations	% Total Obligations	Small Business	SDB	8(a) Program	VOSB	SDVOSB	HUBZone	WOSB	
<b>Special Interest Functions</b>											
B505	COST BENEFIT ANALYSES	\$20,000	0%	0%	0%	0%	0%	0%	0%	0%	0%
D302	ADP SYSTEMS DEVELOPMENT SERVICES	\$0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D307	AUTOMATED INFORMATION SYSTEM SVCS	\$500,000	0%	50%	25%	0%	0%	0%	0%	0%	0%
D310	ADP BACKUP AND SECURITY SERVICES	\$1,200,000	2%	20%	0%	0%	20%	0%	0%	0%	
D314	ADP ACQUISITION SUP SVCS	\$450,000	0%	30%	0%	5%	4%	0%	0%	0%	
R406	POLICY REVIEW/DEVELOPMENT SERVICES	\$900,000	1%	5%	0%	0%	0%	5%	0%	0%	
R407	PROGRAM EVALUATION SERVICES	\$4,000,000	1%	2%	0%	0%	0%	0%	2%	0%	
R408	PROGRAM MANAGEMENT/SUPPORT SERVICES	\$300,000	0%	0%	0%	0%	0%	0%	0%	0%	
R409	PROGRAM REVIEW/DEVELOPMENT SERVICES	\$223,000	0%	0%	0%	0%	0%	0%	0%	0%	
R413	SPECIFICATIONS DEVELOPMENT SERVICES	\$5,000	0%	100%	25%	0%	15%	12%	0%	0%	
R414	SYSTEMS ENGINEERING SERVICES	\$10,000	0%	0%	0%	0%	0%	0%	0%	0%	
R423	INTELLIGENCE SERVICES	0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
R425	ENGINEERING AND TECHNICAL SERVICES	\$0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
R497	PERSONAL SERVICES CONTRACTS	\$0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
R707	MGT SVCS/CONTRACT & PROCUREMENT SUP	\$32,000	0%	100%	15%	0%	20%	0%	0%	30%	
<b>Biggest Percentage of Obligations</b>											
D399	OTHER ADP & TELECOMMUNICATIONS SVCS	\$11,000,000	15%	23%	12%	0%	0%	0%	6%	4%	
R424	EXPERT WITNESS	\$6,000,000	8%	56%	0%	0%	15%	2%	0%	10%	
D307	AUTOMATED INFORMATION SYSTEM SVCS	see above									
R499	OTHER PROFESSIONAL SERVICES	\$2,000,000	3%	20%	5%	2%	2%	4%	1%	0%	
C211	A/E SVCS. (INCL LANDSCAPING INTERIO	\$1,787,713	2%	10%	1%	3%	5%	4%	2%	1%	
G008	OTHER GOVERNMENT INSURANCE PROGRAMS	\$1,680,000	2%	2%	0%	0%	0%	1%	0%	0%	
R418	LEGAL SERVICES	\$1,500,000	2%	5%	2%	0%	3%	1%	1%	1%	
R420	CERTIFICATIONS & ACCREDIT PROD & IN	\$1,480,000	2%	16%	10%	6%	0%	0%	2%	2%	
AD26	SERVICES (MANAGEMENT/SUPPORT)	\$1,200,000	2%	3%							
D310	ADP BACKUP AND SECURITY SERVICES	see above									

## **Appendix D: Agency Inventory Analyses**

In accordance with section 743(e), agency inventory analyses shall include a review of the contracts and information in the inventory for the purpose of ensuring that --

- (i) each contract in the inventory that is a personal services contract has been entered into, and is being performed, in accordance with applicable laws and regulations;
- (ii) the agency is giving special management attention, as set forth in FAR 37.114, to functions that are closely associated with inherently governmental functions;
- (iii) the agency is not using contractor employees to perform inherently governmental functions;
- (iv) the agency has specific safeguards and monitoring systems in place to ensure that work being performed by contractors has not changed or expanded during performance to become an inherently governmental function;
- (v) 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; and
- (vi) there are sufficient internal agency resources to manage and oversee contracts effectively;