



**FMCS**

**FEDERAL MEDIATION &  
CONCILIATION SERVICE**

**Federal Mediation and Conciliation Service  
FY16 Service Contract Inventory Report and FY17 Planned Analysis**

**I. Background**

The Service Contract Inventory is a tool designed to help agencies develop a better understanding of how contracted services are being used to support mission and operations, and to determine whether contractor skills are being utilized in an appropriate manner. Section 743 of Division C of the Fiscal Year (FY) 2010 Consolidated Appropriations Act, Public Law (P.L.) 111-117, requires civilian agencies to prepare an annual inventory of their service contracts. It also requires that civilian agencies analyze their inventory to determine if the mix of Federal employees and contractors is effective or requires rebalancing.

Prior to issuing their inventories, civilian agencies are required to submit a planned analysis to the Office of Management and Budget’s (OMB) Office of Federal Procurement Policy (OFPP). This document, created by the Office of Procurement and Operational Support, fulfills that requirement for the Federal Mediation and Conciliation Service (FMCS).

**II. Scope**

For FY16, FMCS chose to analyze Support Service Product and Service Codes (PSCs). These PSCs (shown below) were chosen as they represented the majority of dollars spent on services in FY16. The total obligation value of the reviewed contracts was \$2,241,180.63.

| <b>PSC</b> | <b>PSC Description</b>          | <b># of Contracts Reviewed</b> | <b>FY16 Obligations</b> | <b>% of Obligations Reviewed</b> |
|------------|---------------------------------|--------------------------------|-------------------------|----------------------------------|
| R499       | Support – Professional: Other   | 2                              | \$2,095,186.13          | 93.49%                           |
| R699       | Support – Administrative: Other | 3                              | \$122,912.50            | 5.48%                            |
| R799       | Support – Management: Other     | 2                              | \$23,082.00             | 1.03%                            |

**III. Methodology**

After reviewing the 24 service contracts that were awarded by FMCS in FY16, a total of 7 contracts were analyzed by the Senior Contracting Officer. All aspects (pre-award and post award) of each contract was reviewed within the agency’s procurement system and in FPDS-NG. In addition, the Senior Contracting Officer spoke with the Contracting Officer Representative (COR) for each contract to 1) gain a clear understanding of what service was provided by the contractor, 2) verify that the service was completed in accordance with the terms and conditions

of the contract and 3) verify that the performance of the service met all Government standards and objectives.

#### IV. Findings

It is FMCS' final determination that the services performed under the analyzed contracts are not Inherently Governmental Functions, Functions Closely Associated to Inherently Governmental Function, or Critical Functions.

| § 743(e) Review Responsibilities   | FMCS review results  |
|--|--|
| (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.   | <i>No contractors are performing personal services contracts.</i>  |
| (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.   | <i>No contractors are performing functions closely associated with inherently governmental functions. Management is careful to ensure that all requirements of FAR 37.114 are being met.</i>   |
| (iii) The agency is not using contractor employees to perform inherently governmental functions.   | <i>No contractor employees are performing inherently governmental functions.</i>   |
| (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. | <i>Each contract is assigned a qualified COR who continuously reviews and monitors contractor performance to ensure that work being performed by contractors does not change.</i>  |
| (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.                              | <i>Contractor employees may at times perform important functions, but FMCS has concluded that it has sufficient internal expertise both to maintain control of its operations and to manage the contractors that are supporting the federal employees.</i> |
| (vi) There are sufficient internal agency resources to manage and oversee contracts effectively.   | <i>FMCS' knowledgeable and efficient Office of Procurement and Operational Support, along with a variety of qualified CORs, allows contracts to be effectively managed and overseen.</i>   |

## V. Actions Taken or Planned

Based on the above findings, FMCS has determined that no contractors are being used for services where it would be more appropriate to use Government employees. However, it should be noted that a variety of reporting errors were found in FPDS-NG during this analysis. This is likely due to a change in personnel during the reporting period. Corrections have already been made where necessary and the Office of Procurement and Operational Support will take action to review the remaining contracts to ensure that any other errors found are corrected. Refresher training will also be made available to all contracting personnel to reduce the number of future errors made. Finally, FMCS will continue to carefully manage and monitor its contracted work in accordance with all laws, regulations, and policies, including the guidance set forth in OFPP Letter 11-01.

## VI. Accountable Officials

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| Official responsible for the development of agency policies, procedures and associated training with OFPP Policy Letter 11-01 addressing the performance of inherently governmental and critical functions | Cynthia D. Washington<br>Head of Contracting Activity (HCA)<br>Director, Office of Procurement and Operational Support |
| Official responsible for ensuring appropriate internal management of service contract inventories.   | Cynthia D. Washington<br>Head of Contracting Activity (HCA)<br>Director, Office of Procurement and Operational Support |

## VII. Planned Analysis for FY17

In accordance with OMB guidelines and recommendations, FMCS plans to analyze the below PSCs from the FY17 inventory. These PSCs are different than the PSCs analyzed for FY16 and, instead, will focus on IT and telecommunication requirements, which were FMCS' largest obligations of the fiscal year.

| PSC  | PSC Description   | FY16 Obligation       |
|------|---|-----------------------|
| D304 | IT and Telecom – Telecommunications and Transmission      | \$224,012.60          |
| D308 | IT and Telecom – Programming                              | \$0.00                |
| D316 | IT and Telecom – Telecommunications Network Management    | \$353,198.34          |
| D318 | IT and Telecom – Integrated Hardware/Software/Services    | \$317,539.73          |
| D319 | IT and Telecom – Annual Software Maintenance Service Plan | \$270,322.17          |
|      | <b>Total FY16 Obligations:</b>                            | <b>\$1,165,072.84</b> |