General Service Administration (GSA)

REPORT ON THE FISCAL YEAR (FY) 2016 SERVICE CONTRACT INVENTORY AND PLANNED FY 2017 ANALYSIS

Executive Summary

OMB memorandum, "Service Contract Inventories" (SCI) (December 19, 2011), tasks agencies to conduct a meaningful analysis of the service contracts (funded by agency dollars) in their inventories for purposes of determining if contract labor is being used in an appropriate and effective manner and if the mix of federal employees and contractors at the agency is effectively balanced. This report constitutes GSA's analysis of the Fiscal Year (FY) 2016 Service Contract Inventory.

The GSA Office of Government-wide Policy (OGP) established an agency cross-organizational workgroup to analyze GSA's FY2016 Service Contract Inventory. The team consisted of representatives from the Public Building Service (PBS), Federal Acquisition Service (FAS), and Office of Internal Acquisition (OIA).

Based on GSA's analysis, it has been determined that contractor performance at GSA continues to be an acceptable choice for the analyzed services. No evidence of over reliance on contracted functions was found in any of the transactions reviewed. In addition, adequate safeguards and monitoring systems are in place to ensure that work performed by contractors does not become inherently governmental, and that there are sufficient internal resources available to effectively manage and oversee contracts. Based on the results of the analysis, it was determined that contractor performance remains an acceptable choice for contracted services and there is no evidence of over reliance on contracted functions at GSA.

A. Analysis

Table A lists: (1) the product and service code (PSC) studied by the agency; and (2) the number of transactions and total dollars obligated for the specific product and service code reviewed for FY2016. As noted in GSA's prior year analysis, GSA intended to

shift focus away from "x99" PSC codes and begin examining the top Information Technology (IT) spending categories that have not been recently evaluated. For FY 2016, GSA focused on three of the top IT spending categories: D306 (IT and Telecom – Systems Analysis), D307 (IT and Telecom – IT Strategy and Architecture), and D313 (IT and Telecom – Computer Aided Design/Computer Aided Manufacturing CAD/CAM). Those three PSC codes represent 147 total contracts with a total action obligation of over $268 million. The specific PSC codes reviewed for the FY 2016 analysis are further broken down in the table below:

TABLE A

Summary of Analyzed FY2016 PSCs by Transactions and Dollars

Contracting Agency Code	Contracting Service*	D306		D307		D313	
		# of Contracts	Total Action Obligation	# of Contracts	Total Action Obligation	# of Contracts	Total Action Obligation
4705	OIA	11	$ 59,201,453	1	$ -	-	$ -
4732	FAS	85	$ 50,890,144	27	$ 141,288,918	17	$ 16,919,015
4740	PBS	-	$ -	3	$ 22,329	3	$ 26,185
4700	All GSA	96	$ 110,091,597	31	$ 141,311,247	20	$ 16,945,200

*Qualifying Service Contracts for the FY2016 evaluation period were confined to the above three contracting components of the agency.

Table B

FY2016 - Top 10 GSA Spending PSCs as a Percentage of Agency Service Contract Obligations

PSC	Product or Service Description	GSA FY 2016 Total	Share of Total Service Contracts
Z2AA	REPAIR OR ALTERATION OF OFFICE BUILDINGS	$ 1,376,175,133	25.6%
Y1AA	CONSTRUCTION OF OFFICE BUILDINGS	$ 893,701,589	16.6%
R499	SUPPORT- PROFESSIONAL: OTHER	$ 466,152,270	8.7%
D302	IT AND TELECOM- SYSTEMS DEVELOPMENT	$ 386,664,081	7.2%
Y1AZ	CONSTRUCTION OF OTHER ADMINISTRATIVE FACILITIES AND SERVICE BUILDINGS	$ 306,056,137	5.7%
D399	IT AND TELECOM- OTHER IT AND TELECOMMUNICATIONS	$ 263,221,673	4.9%
C1AA	ARCHITECT AND ENGINEERING- CONSTRUCTION: OFFICE BUILDINGS	$ 228,032,699	4.2%
Z1AA	MAINTENANCE OF OFFICE BUILDINGS	$ 150,849,435	2.8%
R408	SUPPORT- PROFESSIONAL: PROGRAM MANAGEMENT/SUPPORT	$ 116,510,393	2.2%
D318	IT AND TELECOM- INTEGRATED HARDWARE/SOFTWARE/SERVICES SOLUTIONS, PREDOMINANTLY SERVICES	$ 92,808,027	1.7%
	Top 10 Spend Total	$ 4,280,171,437	79.5%

Table C

FY2016 - Evaluated GSA Information Technology PSCs as a Percentage of Agency Service Contract Obligations

PSC	Product or Service Description	GSA FY 2016 Total	Share of Total Service Contracts
D306	IT AND TELECOM- SYSTEMS ANALYSIS	$ 110,091,597	2.0%
D307	IT AND TELECOM- IT STRATEGY AND ARCHITECTURE	$ 141,311,247	2.6%
D313	IT AND TELECOM- COMPUTER AIDED DESIGN/COMPUTER AIDED MANUFACTURING (CAD	$ 16,945,200	0.3%
	Selected PSC Spend Total	**$ 268,348,044**	**5.0%**

B. Methodology

1. **Select Product Service Codes.** PSCs D306, D307 and D313 were selected for FY 2016 review. After completing review of "x99" PSC codes, GSA shifted focus to Information Technology related contracts actions as a potential area of higher risk. All FY2016 actions for the three selected PSC codes were selected for review.

2. **Identify Contracts for Review.** The FY2016 Standard Service Contract Inventory report contained 1,913 GSA contract actions totaling over $5.3 billion in spending. Using data obtained from the Federal Procurement Data System-Next Generation (FPDS-NG) for PSCs D306, D307 and D313, the FY2016 inventory analysis contained 147 distinct contracts, totaling over $268 million in spending as shown in Table A above. All identified actions falling under the three selected PSC codes were chosen for evaluation.

3. **Develop and Populate Survey Templates.** GSA developed surveys based on guidance issued by Office of Management and Budget (OMB), as shown in Attachment A, and issued the guidance to workgroup members from each applicable component of GSA.

4. **Perform Contract Reviews.** Each component conducted their assessment of the contracts within their purview and submitted their summary analysis to the Office of Acquisition Policy.

5. **Analyze Results and Summarize Findings and Actions/Recommendations.** The Office of Acquisition Policy compiled the results and prepared high level findings, actions and recommendations further discussed in Sections C and D, below.

C. Agency Findings

1. No contracts were identified that involved the performance of inherently governmental functions. All service contracts reviewed were found to contain adequate safeguards and monitoring systems to ensure that work performed by contractors did not become inherently governmental, and that there were

sufficient internal resources available to effectively manage and oversee those contracts.

2. All reviewed contracts with a past performance rating were found to have "Good" performance.

3. No contracts were found to have contract employees performing critical functions in such a way that could affect GSA's ability to maintain control of its mission and operation. In addition, there was no evidence of overreliance on contractor performance. One program office reported that contractors were performing critical functions, but verified that controls are in place to ensure that GSA maintains control of the agency mission and operations.

4. None of the contract actions reviewed were identified as personal services contracts.

5. The survey revealed contractor performance remains an acceptable choice for the contracted services in the contracts that were reviewed.

D. **Actions taken or planned by the agency to address any identified weaknesses or challenges.**

- No action required based on the FY2016 analysis results.

Planned Analysis

The planned FY2017 SCI Analysis will continue to examine GSA's Information Technology professional services portfolio. In FY2017, GSA plans to continue evaluating the PSC codes identified as the most frequently used IT related PSCs found in the top 25 spending categories at GSA. The following three PSCs will be considered for analysis to complete the review of IT PSCs:

- PSC D301 – IT and Telecom – Facility Operation and Maintenance
- PSC D302 – IT and Telecom – Systems Development
- PSC D304 – IT and Telecom – Telecommunications and Transmission

The three planned Top 25 FY2017 IT related PSC codes selected for evaluation in FY2018 consist of 96 service contract actions, totaling approximately $759 million in obligation.

E. **Accountable Official:**

Jeffery Koses
Deputy Chief Acquisition Officer/Senior Procurement Executive
Office of Acquisition Policy
1800 F Street NW
Washington, DC 20405

Attachment A – Service Contract Analysis Template

Q#	Contract #	Yes/No/NA	Comments
1	Identify the contract/task order description to include:		
1a	a) Contract#/ Order #		
1b	b) Company Name		
1c	c) Contract Type		
1d	d) Total Award Amount		
1e	e) Period of Performance		
2	Is the contract a personal services contract? If the contract is a personal services contract is it being performed, in accordance with applicable laws and regulations (Yes, No, Not Applicable).		
3	Is special attention being given, as set forth in FAR 37.114, to functions that are closely associated with inherently governmental functions[1] (See OMB guidance)? (Yes, No, Not Applicable).		
4	Does this contract use contractor employees to perform inherently governmental functions? (Yes, No, Not Applicable).		
5	Is the performance under the award considered a "*critical function"[2] (Yes, No, Not Applicable).		
6	Are there 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? (Yes, No, Not Applicable) (If yes, provide how).		
7	Are contractor employees performing critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations (Yes, No, Not Applicable)?		
8	Are there sufficient internal agency resources to manage and oversee contracts effectively? (Yes, No, Not Applicable) (If yes, please describe).		
9	What are the functions/services being performed by the contract employees under the subject award? Please provide a summary from the SOW.		
10	Are any functions restricted by the contract (i.e. approval of documents, attendance at meetings, firewalled activities, etc? How is it monitored? How effective is the monitoring?		
11	How is/was the contract performance: (Good - Fair - Poor)?		

12	Questions for the requesting office (the program manager was specifically requested to provide this information):		
12a	a) How many FTEs are located in the program office that this award supports?		
12b	b) Is recruitment of Federal employees an issue/obstruction (Can refer question to management)?		
13	Name of the Program Office this contract supports.		
14	Number of contractors or contractor FTE under this award.		