

General Service Administration (GSA)

REPORT ON THE FISCAL YEAR (FY) 2015 SERVICE CONTRACT INVENTORY AND PLANNED FY2016 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) 2015 Service Contract Inventory.

The GSA Office of Government-wide Policy (OGP) established an agency cross-organizational workgroup to analyze GSA's FY2015 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 FY2015. GSA's rationale for focusing on PSC R799 (Other

Management Support Services) and J099 (Maintenance – Repair of Miscellaneous Equipment) was to complete the review of all high dollar value PSCs that use the catch-all “x99” code, denoting “other” services not otherwise specified. PSCs R699 and R399 were reviewed by GSA in FY2013 and PSC R499 was reviewed in FY2014. The two PSCs selected for FY2015 analysis are the final two most utilized “x99” PSC codes at GSA, behind the “x99” codes that have been previously analyzed in the two prior Service Contract Analysis Reports.

TABLE A

Summary of Analyzed FY2015 PSCs by Transactions and Dollars

Contracting Agency Code	Contracting Agency*	R799		J099		Total	
		# of Actions	Action Obligation	# of Actions	Action Obligation	Total Contracts	Total Action Obligation
4705/4773	IAD	4	\$47,940,544			4	\$47,940,544
4732	FAS	4	\$1,680,311			4	\$1,680,311
4740	PBS	9	\$2,357,164	25	\$4,943,315	34	\$7,300,480
		17	\$51,978,019	25	\$4,943,315	42	\$56,921,334

*Qualifying Service Contracts for the FY2015 evaluation period were confined to the above three funding components.

Table B

FY2015 - Top 10 GSA Spending PSCs as a Percentage of Agency Service Contract Obligations

PSC	Product Service Name	GSA 2015 Total	Share of Total Service Contracts
Z2AA	Repair or Alteration of Office Buildings	\$ 570,587,318	18.68%
Y1AA	Construction of Office Buildings	\$ 401,950,239	13.16%
D302	It and Telecom- Systems Development	\$ 200,937,130	6.58%
S201	Housekeeping - Custodial Janitorial	\$ 189,652,836	6.21%
S112	Utilities - Electric	\$ 186,642,253	6.11%
R499	Support - Professional: Other	\$ 169,980,053	5.56%
D399	IT and Telecom - Other IT and Telecommunications	\$ 159,267,233	5.21%
Z1AA	Maintenance of Office Buildings	\$ 113,890,880	3.73%
S216	Housekeeping - Facilities Operations Support	\$ 113,322,938	3.71%
Y1AZ	Construction of Other Administrative Facilities and Service Buildings	\$ 83,619,680	2.74%
Top 10 Spend Total		\$ 2,189,850,561	71.68%

Table C

FY2015 - Top 5 GSA "x99" Spending PSCs as a Percentage of Agency Service Contract Obligations

PSC	Product/Service Name	GSA 2015 Total	Share of Total Service Contracts	Service Contract Analysis Report
R499	Support - Professional: Other	\$ 169,980,053	5.56%	FY14
D399	IT and Telecom - Other IT and Telecommunications	\$ 159,267,233	5.21%	FY13
R699	Support - Administrative: Other	\$ 29,440,152	0.96%	FY13
J099	Maintenance/Repair/Rebuild of Equipment - Miscellaneous	\$ 20,397,846	0.67%	FY15
R799	Support - Management: Other	\$ 19,082,850	0.62%	FY15
Top 5 "x99" Spend Total		\$ 398,168,135	13.03%	

B. Methodology

- Select Product Service Codes.** PSCs R799 and J099 were selected to finalize the comprehensive review of the top 5 catch-all (ending in "99") PSC codes at GSA. The selection of GSA PSCs ending in "99" began in the FY2013 analysis and the analysis of the top 5 recurring PSCs concluded this year.
- Identify Contracts for Review.** FY2015 Standard Service Contract Inventory report contained 6,105 contract actions totaling over \$3 billion in spending. Using data obtained from the Federal Procurement Data System-Next Generation (FPDS-NG) for the PSCs R799 and J099, the FY2015 inventory analysis contained 42 separate contracts totaling almost \$57 million in spending as shown in Table A above.
- 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.
- 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.
- 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.

Agency Findings

- 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.
4. None of the contract actions reviewed were identified as personal services contracts.
5. GSA's Public Building Service (PBS) component identified one contract from the National Capital Region with functions found to be Closely Associated with Inherently Governmental Functions in the R799 PSC analysis. That contract requires subject matter expertise that is not available from a Government employee. All applicable controls appear to have functioned properly during the formation and administration of the contract. Furthermore, adequate controls are in place to ensure that appropriate oversight and monitoring of performance is performed throughout the lifespan of the contract.
6. GSA's PBS component found three actions in PSC Code J099 that were miscoded in both the EASi contract writing system and in the Federal Procurement Data System (FPDS). These actions should be corrected to reflect the appropriate PSC code for the services of: Administrative Support, Concrete Repairs, and Window Washing.
7. Contractors are performing work in the areas of IT professional support, HR training and support, and PMO support, performing subject matter expert (SME) duties, and providing contract support. The survey revealed contractor performance remains an acceptable choice for those contracted services in the contracts that were reviewed.

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

- Finding #1, no action required. Evaluation of service contracts for inherently governmental functions prior to award will continue in addition to monitoring and safeguarding efforts.
- Findings #2 - 4, no action required.

- Finding #5, no action required. Existing controls adequately address any concerns with the function that are Closely Associated with an Inherently Governmental Functions.
- Finding #6, all FPDS and contract writing system errors were identified and information was sent to the PBS regional offices to make the necessary corrections in both systems.
- Finding #7, no action required. Existing controls ensure that contractor performance is an acceptable choice prior to award.

In response to previous findings, the agency has taken the following actions and will continue to take action as described:

GSA will continue to focus on the early detection of problems by continuing to review contracts through both the Procurement Management Review (PMR) process and FPDS-NG data Verification and Validation (V&V) reviews. Additionally, GSA will continue to require and promote appropriate training for its acquisition workforce.

GSA's PMR process includes a risk-based selection of service contracts for review in order to ensure appropriate management attention and oversight. The overall PMR process is primarily focused on ensuring better management of performance risk and consists of continual reviews that assess approximately 1300 contract files annually across approximately 25 business functions throughout GSA's national portfolio. The PMR process ensures that any contracting problems, including issues with service contracts, are detected throughout the year during continuous reviews rather than merely during retrospective end-of-year reviews. Early detection allows GSA to address service or agency-wide concerns before they become pervasive.

GSA's V&V process provides another avenue for GSA to validate and improve upon the quality of Agency data. In addition to the required annual V&V reviews, GSA conducts quarterly reviews that allow for early detection of any systemic issues. Both the annual and quarterly V&V reviews are utilized to confirm the accuracy of FPDS data, including fields critical to the Service Contract Inventory process.

GSA also requires that its Program Managers, Project Managers, Contracting Officers, and Contracting Officers' Representatives be fully trained and properly certified to better manage performance risk for the contracts they oversee. To support this requirement, GSA has successfully deployed the Federal Acquisition Institute Training Application System (FAITAS) certification and continuous learning module. All certification and continuous learning actions are managed in FAITAS, delivering to GSA a level of total transparency for its entire acquisition workforce. These certification requirements, along with other on the job training, provide a greater degree of assurance that GSA's acquisition workforce is capable of adequately managing and overseeing the contract administration function.

E. Planned Analysis

The planned FY2016 SCI Analysis will shift away from the now completed analysis of "x99" PSCs. In FY2016, GSA plans to evaluate all PSC codes identified as the most frequently used IT related PSCs found in the top 25 spending categories at GSA. The following PSCs will be considered for analysis:

- PSC D301 – IT and Telecom – Facility Operation and Maintenance
- PSC D302 – IT and Telecom – Systems Development
- PSC D304 – IT and Telecom – Telecommunications and Transmission
- PSC D306 – IT and Telecom – Systems Analysis
- PSC D307 – IT and Telecom – IT Strategy and Architecture
- PSC D313 – IT and Telecom – Computer Aided Design/Computer Aided Manufacturing (CAD/CAM)

The six FY2016 IT related PSC codes planned for evaluation in FY2017 consist of 172 service contract actions, totaling almost \$313 million dollars in spending.

F. Accountable Official:



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Attachment A – Service Contract Analysis Template

Contract #	Yes/No/NA	Comments
a. Identify the contract/task order description to include order number, company name, contract type, total award amount, period of performance		
b. 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).		
c. 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).		
d. Does this contract use contractor employees to perform inherently governmental functions? (Yes, No, Not Applicable).		
e. Is the performance under the award considered a "critical function" (Yes, No, Not Applicable).		
f. 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).		
g. 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)?		
h. Are there sufficient internal agency resources to manage and oversee contracts effectively? (Yes, No, Not Applicable) (If yes, please describe).		
i. What are the functions/services being performed by the contract employees under the subject award? Please provide a summary from the SOW.		
j. 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?		
k. How is/was the contract performance: (Good - Fair - Poor)?		
l. Questions for the requesting office (the program manager was specifically requested to provide this information):		
i. How many FTEs are located in the program office that this award supports?		
ii. Is recruitment of Federal employees an issue/obstruction (Can refer question to management)?		
m. Name of the Program Office this contract supports.		
n. Number of contractors or contractor FTE under this award.		