

General Service Administration (GSA)

REPORT ON THE FISCAL YEAR (FY) 2017 SERVICE CONTRACT INVENTORY AND PLANNED FY 2018 ANALYSIS

Executive Summary

OMB memorandum, “Service Contract Inventories” (SCI) (December 19, 2011), tasks agencies to conduct a meaningful analysis of the service contracts that are funded by agency dollars in their contract 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) 2017 Service Contract Inventory.

The GSA Office of Government-wide Policy (OGP) utilized the agency cross-organizational workgroup to analyze GSA’s FY2017 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 FY2017. As noted in GSA’s prior year analysis, GSA intended to

continue the evaluation of the top Information Technology (IT) spending categories that have not been recently evaluated. For FY 2017, GSA focused on three of the top IT spending categories that were not addressed in the prior year: D301 – IT and Telecom (Facility Operation and Maintenance), D302 – IT and Telecom (Systems Development), and D304 – IT and Telecom (Telecommunications and Transmission).

The samples selected from those three PSC codes consisted of 283 total contracts with a total action obligation of over \$102 million. Collectively, the three PSCs reviewed comprise 8.7% of GSAs annual obligations reported in the FY2017 Service Contract Inventory. Due to the large number of D304 actions conducted by FAS, only a statistically significant sample of FAS D304 actions was selected for review. All other PSCs were evaluated in their entirety. The specific PSC codes reviewed for the FY 2017 retrospective analysis are further broken down in the table below:

TABLE A
Summary of Analyzed FY2017 PSCs by Transactions and Dollars

Contracting Agency Code	Contracting Service*	D301		D302		D304		Total	
		# of Contracts	Total Action Obligation	# of Contracts	Total Action Obligation	# of Contracts	Total Action Obligation	# of Contracts	Total Action Obligation
4705	OIA	1	\$ 28,249	5	\$ 3,192,500	0	-	6	\$ 3,220,749
4732	FAS	19	\$ 52,673,169	19	\$ 38,034,958	239**	\$ 6,703,718	277	\$ 97,411,845
4740	PBS	12	\$ 1,885,172	0	-	4	\$ 126,175	16	\$ 2,011,347
4700	All GSA	32	\$ 54,586,590	24	\$ 41,227,457	4	\$ 6,829,893	283	\$ 102,643,941

*Qualifying Service Contracts for the FY2017 evaluation period were confined to the above three contracting components of the agency.

**Due to the large number of D304 actions conducted by FAS in FY17, a statistically significant sample of those actions was selected for review purposes. In FY17, FAS conducted 632 D304 actions totaling \$21,461,946 in Action Obligations.

Table B**FY2017 - Top 30 GSA Spending PSCs as a Percentage of Agency Service Contract Obligations**

PSC	PSC Description	Obligated Amount	Percentage of FY17 Service Contracts
Z2AA	REPAIR OR ALTERATION OF OFFICE BUILDINGS	\$ 2,108,729,557	24.1%
Y1AA	CONSTRUCTION OF OFFICE BUILDINGS	\$ 1,231,508,666	14.1%
R499	SUPPORT- PROFESSIONAL: OTHER	\$ 826,489,509	9.4%
D302	IT AND TELECOM- SYSTEMS DEVELOPMENT	\$ 613,584,283	7.0%
D399	IT AND TELECOM- OTHER IT AND TELECOMMUNICATIONS	\$ 507,141,154	5.8%
Y1AZ	CONSTRUCTION OF OTHER ADMINISTRATIVE FACILITIES AND SERVICE BUILDINGS	\$ 433,308,774	4.9%
C1AA	ARCHITECT AND ENGINEERING- CONSTRUCTION: OFFICE BUILDINGS	\$ 307,245,168	3.5%
Z1AA	MAINTENANCE OF OFFICE BUILDINGS	\$ 230,103,177	2.6%
R408	SUPPORT- PROFESSIONAL: PROGRAM MANAGEMENT/SUPPORT	\$ 207,728,440	2.4%
D318	IT AND TELECOM- INTEGRATED HARDWARE/SOFTWARE/SERVICES SOLUTIONS, PREDOMINANTLY SERVICES	\$ 128,169,048	1.5%
C211	ARCHITECT AND ENGINEERING- GENERAL: LANDSCAPING, INTERIOR LAYOUT, AND DESIGNING	\$ 104,875,390	1.2%
D301	IT AND TELECOM- FACILITY OPERATION AND MAINTENANCE	\$ 97,501,652	1.1%
D306	IT AND TELECOM- SYSTEMS ANALYSIS	\$ 91,832,940	1.0%
Y1JZ	CONSTRUCTION OF MISCELLANEOUS BUILDINGS	\$ 90,875,000	1.0%
S201	HOUSEKEEPING- CUSTODIAL JANITORIAL	\$ 89,557,661	1.0%
Y1QA	CONSTRUCTION OF RESTORATION OF REAL PROPERTY (PUBLIC OR PRIVATE)	\$ 83,865,633	1.0%
D307	IT AND TELECOM- IT STRATEGY AND ARCHITECTURE	\$ 77,973,752	0.9%
D313	IT AND TELECOM- COMPUTER AIDED DESIGN/COMPUTER AIDED MANUFACTURING (CAD/CAM)	\$ 76,027,412	0.9%
Z2AZ	REPAIR OR ALTERATION OF OTHER ADMINISTRATIVE FACILITIES AND SERVICE BUILDINGS	\$ 75,524,269	0.9%
D316	IT AND TELECOM- TELECOMMUNICATIONS NETWORK MANAGEMENT	\$ 75,412,093	0.9%
R611	SUPPORT- ADMINISTRATIVE: CREDIT REPORTING	\$ 74,879,946	0.9%
D325	IT AND TELECOM- DATA CENTERS AND STORAGE	\$ 67,072,129	0.8%
R708	SUPPORT- MANAGEMENT: PUBLIC RELATIONS	\$ 65,890,268	0.8%
R425	SUPPORT- PROFESSIONAL: ENGINEERING/TECHNICAL	\$ 56,456,287	0.6%
R699	SUPPORT- ADMINISTRATIVE: OTHER	\$ 54,634,038	0.6%
D310	IT AND TELECOM- CYBER SECURITY AND DATA BACKUP	\$ 50,244,529	0.6%
D304	IT AND TELECOM- TELECOMMUNICATIONS AND TRANSMISSION	\$ 47,767,689	0.5%
D321	IT AND TELECOM- HELP DESK	\$ 47,586,254	0.5%
R704	SUPPORT- MANAGEMENT: AUDITING	\$ 43,905,123	0.5%
Z2QA	REPAIR OR ALTERATION OF RESTORATION OF REAL PROPERTY (PUBLIC OR PRIVATE)	\$ 40,117,154	0.5%
GSA	Grand Total - Top 30 PSCs	\$ 8,006,006,997	91.4%

Table C**FY2017 - Evaluated GSA Information Technology PSCs as a Percentage of Agency Service Contract Obligations**

PSC	PSC Description	Obligated Amount	Percentage of FY17 Service Contracts
D302	IT AND TELECOM- SYSTEMS DEVELOPMENT	\$ 613,584,283	7.0%
D301	IT AND TELECOM- FACILITY OPERATION AND MAINTENANCE	\$ 97,501,652	1.1%
D304	IT AND TELECOM- TELECOMMUNICATIONS AND TRANSMISSION	\$ 47,767,689	0.5%
GSA	Grand Total - FY2017 IT PSCs Selected for Review	\$ 758,853,625	8.7%

B. Methodology

1. **Select Product Service Codes.** PSCs D301, D302 and D304 were selected for FY 2017 review. These selections reflect the continued planned review of active GSA Information Technology PSCs found in the top 30 spending categories.
2. **Identify Contracts for Review.** The FY2017 Standard Service Contract Inventory report contained 3,140 GSA contract actions totaling over \$8.7 billion in spending. Using data obtained from the Federal Procurement Data System-Next Generation (FPDS-NG) for PSCs D301, D302 and D304, the FY2017 inventory analysis contained 676 distinct contracts, totaling over \$117 million in spending. Identified actions falling under the three selected PSC codes were chosen for evaluation; however, due to the large number of FAS D304 contracting actions only a statistically significant selection of FAS D304 actions were chosen for review. The contracts selected are summarized in Table A, above. All other contract actions under the identified PSCs were reviewed.
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” or better contract 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. OIA identified a personal services contract, but also verified that appropriate controls are in place to manage such a contract. No other 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. The GSA SCI team continues to recommend the discontinuation of the annual retrospective review process, as agency controls appear to be sufficient.
6. FAS identified one contract action where recruitment of Federal employees is a potential restriction. This issue does not appear to be widespread based on reporting.

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

- No action required based on the FY2017 retrospective analysis results.

Planned Analysis

The planned FY2018 SCI Analysis will complete the examination of GSA's Information Technology professional services portfolio. For the FY2018 analysis, GSA plans to continue evaluating the PSC codes identified as the most frequently used IT related PSCs found in the top 30 spending categories at GSA. The following five PSCs will be considered for analysis to complete the review of IT PSCs:

- PSC D308 – IT and Telecom – Programming
- PSC D310 – IT and Telecom – Cyber Security and Data Backup
- PSC D316 – IT and Telecom – Telecommunications Network Management
- PSC D318 – IT and Telecom – Integrated Hardware/Software/Services Solutions, predominantly services
- PSC D321 – IT and Telecom – Help Desk

Based upon the currently available data, the five planned Top 30 FY2018 IT related PSC codes selected for evaluation in the FY2019 review cycle consist of 45 service contract actions, totaling approximately \$563 million in obligation.

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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.		