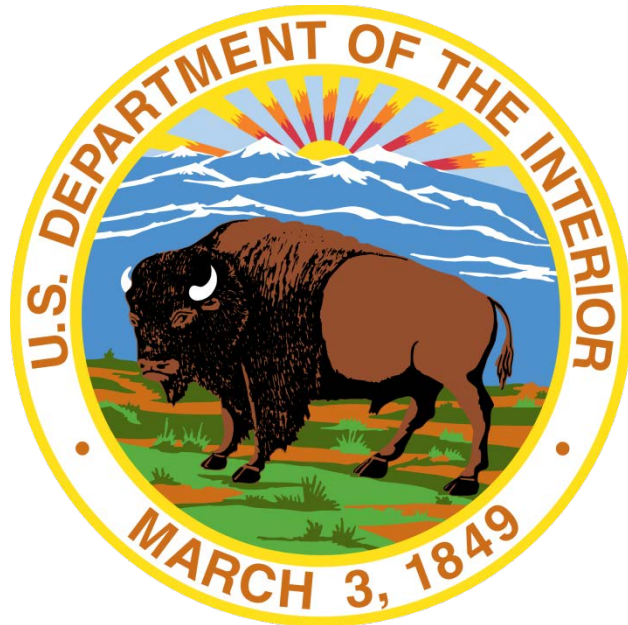


Department of the Interior



Fiscal Year 2017 Service Contract Inventory Analysis Report

*prepared by
Office of Acquisition and Property Management
U.S. Department of the Interior
March 2019*

A. Executive Summary

Section 743 of Division C of the Fiscal Year 2010 Consolidated Appropriations Act, P.L. 111-117, requires civilian agencies to prepare an annual inventory of their service contracts and to analyze the inventory to determine if the mix of Federal employees and contractors is effective or if rebalancing is required. On September 7, 2018, the Associate Administrator for Federal Procurement Policy issued an alert containing guidance for agencies to use in preparing their FY 2018 inventories and analyzing their FY 2017 data; the alert also advised agencies to continue using prior years' guidance including Office of Federal Procurement Policy (OFPP) Memorandum dated December 19, 2011 and the recommendations in the GAO report *Civilian Service Contract Inventories: Opportunities Exist to Improve Agency Reporting and Review Efforts*, GAO-12-1007, September 2012. The requirements specified in these guidance documents are addressed in this report.

The purpose of this analysis is to determine if contracted labor was used at the Department of the Interior (DOI) in an appropriate and effective manner during FY 2017, such that critical functions were performed solely by Federal employees and that the agency was able to maintain control of its mission and operations. A detailed discussion of the results of this analysis is provided in the Findings section of this report. Additionally, this report describes the scope and methodology of the analysis conducted, actions taken and planned for addressing findings, and a list of agency officials who are accountable for implementation and oversight of these actions.

B. Scope

Special Interest Functions

The table below includes a list of the special interest functions studied by DOI from its service contract inventory for this analysis, and the total dollars obligated to those specific product and service codes (PSC) in FY 2017.

DOI FY 2017 Service Contract Inventory Selected Special Interest Functions		
PSC	Description of Function	Dollar Obligations
R499	Professional, Administrative and Management Support Services: Other Professional Services	\$ 95,270,977
C219	Architect and Engineering-General	\$ 77,758,322
R425	Support-Professional:Engineering/Technical	\$ 61,895,108
D399	IT and Telecom-Other IT and Telecommunications	\$ 41,826,074
C211	Architect and Engineering-General: Landscaping, Interior Layout, And Designing	\$ 35,243,839
F016	Natural Resources and Conservation Services: Well Drilling/Exploratory	\$ 34,619,351

V221	Transportation/Travel/Relocation	\$ 31,039,575
Total Special Interest Function Obligations		\$377,653,249

As recommended in the guidance issued by the Office of Federal Procurement Policy (OFPP) on September 7, 2018, DOI looked to select functions that were not previously the subject of a DOI SCI review. In the past, the agency has focused its reviews on D-category services (IT and telecommunications) and R-category services (professional support); these categories are still considered high risk with respect to contractor-employee balance and will continue to be represented in next year’s special interest functions by codes D399 and R499 for additional analysis. New PSC categories have been added where DOI expenditure is significant, including C (Architect and Engineering), F (natural resources and conservation), and V (Transportation and travel).

Review Sample

DOI’s inventory includes 1,075 special interest service contracts. For the purposes of this analysis, DOI reviewed 54 of these special interest service contracts, constituting a sample size of 5 percent. To select the contracts for the review, the list of all 1,075 special interest contracts was broken out by PSC and then again by DOI Bureau. Each Bureau was required to review 5 percent of its total special interest service contracts per PSC to meet the sample size. The table below shows the number of contracts reviewed by each Bureau for each special interest PSC, totaling 54 agency-wide.

Bureau	R499	C219	R425	D399	C211	F016	V221	Total
BIA	1	0	1	1	1	0	1	5
BLM	2	0	0	1	0	3	7	13
BOEM	1	0	0	0	0	0	0	1
BSEE	0	0	0	0	0	0	1	1
BOR	1	1	0	0	1	0	0	3
IBC	2	0	0	1	0	0	9	12
USGS	1	2	5	0	0	0	1	9
NPS	1	2	0	1	3	0	1	8
FWS	1	1	0	0	0	0	0	2
Total	10	6	6	4	5	3	20	54

Bureaus were granted discretion in determining the specific contracts to be reviewed, but were encouraged to focus their attention on high dollar value contracts and contracts that were particularly vulnerable to overreliance on contractors and other risks. The value of all 54 contracts totaled to \$170,544, 932.00 or 45 percent of the total dollars obligated for special interest functions.

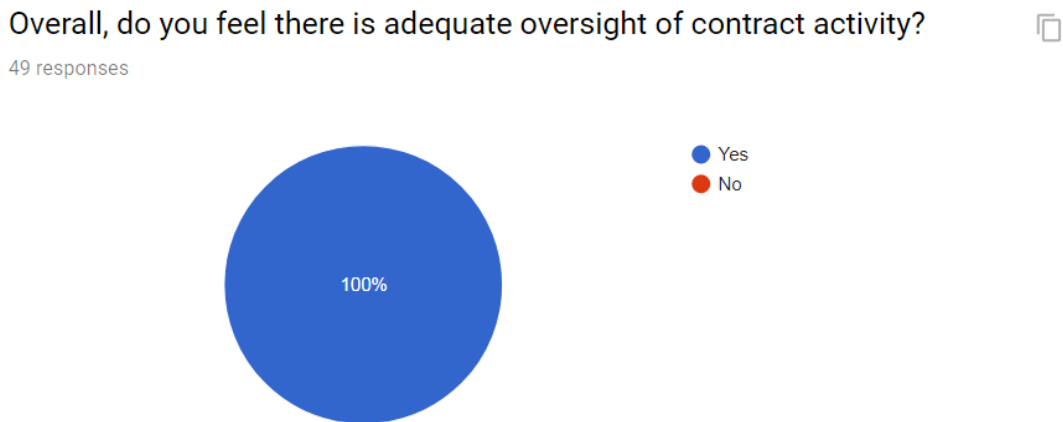
C. Methodology

In April 2015, the DOI Office of Acquisition and Property Management (PAM) worked collaboratively with representatives from each DOI Bureau to devise a revised approach to analyzing the service contract inventory, which we continued to implement this year in our analysis of the FY 2017 inventory. The new approach involves an improved contract review methodology that utilizes the Google Forms online survey tool to facilitate information gathering, with the ultimate goal of yielding clearer, more actionable results. Please see Appendix A.

The survey included 32 questions about contract oversight and contractor activity for each contract in the review, such as:

- Who supervises and/or assigns workload to contractor personnel?
- Describe any monitoring systems or processes in place for contract management and oversight.
- Are contractors involved in acquisition planning activities?
- Do contractor personnel perform critical functions in such a way that could affect the ability to maintain control of the agency mission and operations?

The screenshot below shows an excerpt from the questionnaire results summary.



Results, DOI FY 2017 Service Contract Inventory Survey

Surveys were completed by the administering Contract Specialist and/or Contracting Officer (CO), with additional input from the Contracting Officer's Representative (COR), for each of the 54 contracts in the review sample. After all responses were received, an analyst from the PAM Office conducted an in-depth, comprehensive analysis of the results, which are captured in Section D - Findings.

In an attempt to reduce self-reporting biases, Bureaus were instructed to complete their contract reviews in groups for improved accountability and to involve Bureau Headquarters personnel for further input and oversight. Additionally, the PAM Office conducted a detailed review of survey responses and sought clarification where there appeared to be inconsistencies or issues.

D. Findings

This section summarizes the findings of DOI's FY 2017 service contract inventory analysis, the purpose of which was to determine if contracted labor was used in an appropriate and effective manner such that the agency was able to maintain control of its mission and operations.

Contract Management and Oversight

Survey participants were asked to report the number of contractor personnel involved in the performance of the contract as well as the number of Federal employees involved in the oversight of the contract. On average this ratio was roughly 5 contractor employees to every 4 Federal employees who oversaw the execution of a particular contract. That's almost 1 contractor assigned to 1 federal employee. This figure is much better than last year's ratio of 3 contractors to every Federal employee. This is worth noting as a significant improvement in the oversight of contractual services being monitored by Federal employees.

When asked to describe any monitoring systems or processes in place for contract oversight, participants reported activities such as COR oversees day-to-day services provided by the contractor; Quality control plan; FBMS and SAP for award and payment management; Contracting Officers reviewed the annual BPA's per FAR 13.303-6 and each quality assurance plan to include motioning of contractor performance in accordance with the Statement of Work (SOW). COs reported that on a 100 percent affirmation that they felt there was adequate oversight of contract activity and that sufficient quality controls were in place to ensure the contractor complied with contract terms and conditions, as well as applicable policies and regulations.

Cost overruns and/or schedule delays were reported on only 10.2 percent of surveys, however, most of the delays were due to uncontrollable circumstances, rather than contractor cause. For the one that was due to issues on the part of the contractor, the CO is working on identifying ways to mitigate the risks and alleviate these problems going forward.

Nature of Contractor Activity

Contracts were reviewed to determine whether contractor personnel were performing tasks associated with inherently governmental activities in accordance with FAR Part 7.5. All participants were asked if any activities on a list of nine specific tasks (As shown in table below) with the potential of being inherently governmental were being performed by the contractor. For 98 percent of actions reviewed, no such tasks were reported to have been performed; of the remaining 2 percent, reported activities included assisting the government in the development of specifications and technical documentation. Since this percentage was relatively small and related to non-critical functions, there was no further clarification requested from the CO.

Survey: Nine Inherently Governmental Tasks
1. Supervise or assign work to Government personnel
2. Approve or help determine policy or regulations
3. Approve Government position descriptions
4. Participate in the selection/non-selection of Government personnel
5. Participate in source selections for contract awards
6. Participate in contractor performance evaluations
7. Approve the disposal of Government property
8. Attend conferences on behalf of the agency
9. Conduct agency training courses

Product and Service Code Designation

In last year's inventory review, only 2 contracts were reported to have been originally designated with an inappropriate or incorrect PSC; this year, 8 contracts were coded incorrectly; however, 3 cannot be corrected due the appropriate PSC not available on the pull-down list. The others are as following:

1. Three (3) contracts for IT, GIS, Data Management and O&M at National Park Service were coded as R499 rather than D318
2. NPS contract for the rehabilitation of Conococheague Acqueduct was coded as R499 rather than Z1LB.
3. BLM contract for Oil and Gas IT Development services was coded R425 rather than R499

These contracts are being investigated by the PAM office and will be requested for correction as appropriate.

Discussion

The findings above indicate that there are strong safeguards in place for ensuring proper contract performance and minimizing the risk of contractors performing critical or inherently governmental functions. The evidence supports DOI's ability to maintain control of its mission and operations through effective contract management and oversight.

While the work performed by Federal employees and contractors appears well balanced, some mission activities continue to be heavily supported by contract services. The nature of DOI's mission requires contract support in several areas including IT strategy and architecture, systems development, telecommunications, as well as in program management, engineering/technical support, and other professional support services. With the enactment of the Federal Information Technology Acquisition Reform Act (FITARA) and DOI's new policies that advance the initiatives of Category Management and Strategic Sourcing, DOI anticipates increased oversight and new opportunities for contract consolidation in these areas.

Analysis of the service contract inventory provided a greater understanding of the extent of the work performed by contractors and insight into the appropriate use of contract labor for supplementing, rather than substituting, work done by Federal employees. DOI appears to be in control of operations and is able to successfully carry out its mission to protect and manage the Nation's natural resources and cultural heritage; to provide scientific and other information about those resources; and honor its trust responsibilities or special commitments to American Indians, Alaska Natives, and affiliated island communities.

E. Action Items

In accordance with OFPP guidance, this section discusses DOI's actions, both taken and planned, to address weaknesses or challenges identified as a result of this analysis. An update on the status of planned actions from last year's inventory analysis is also provided.

Actions Taken As discussed in Section D - Findings, last year's SCI survey results revealed a weakness in data quality related to proper coding of PSCs in the Federal Procurement Data System – Next Generation (FPDS-NG). In response to this issue, we planned to make improvements in this area by providing training opportunities to contracting personnel about how PSC information is used, the negative downstream effects of incorrect data entry, and the overall importance of data quality in FPDS-NG and other systems. Going forward, the indication of SCI applicability using the new query in FPDS-NG indicating "Service Contract Reporting" as applicable for certain contracts will be very helpful in ensuring accurate data in reporting service contracts.

DOI continues to improve our service contractors' compliance in reporting by continuing to have DOI contractors to enter the required contract information in the System for Award Management (SAM), per FAR Subpart 4.1703. The PAM Office works diligently to communicate and promote this regulation to the acquisition community so that they would in turn encourage their contractors to report on time. The office continuously fosters routine communication to all bureaus by a providing a copy of the inventory posted by GSA on the SAM.gov website on a biweekly basis beginning end of the fiscal year until the reporting deadline.

Planned Actions

The acquisition workforce can always benefit from additional training regarding contractor oversight and the performance of inherently governmental functions strictly by Federal employees. DOI COs should pay particular attention to risky contractor activities such as approving or helping to determine policy, approving Government position descriptions, participating in contractor performance evaluations, and attending conferences on behalf of the agency. PAM will continue to encourage monitoring of these activities to ensure such functions are not performed by contractor personnel.

F. Accountable Officials

The DOI senior agency official accountable for the development of agency policies, procedures, and training regarding the SCI is Kaprice Tucker, Associate Director, Office of Acquisition and Financial Assistance.

The DOI senior agency official responsible for ensuring appropriate internal management attention is given to the development and analysis of the SCI process is Megan Olsen, Director, Office of Acquisition and Property Management and Senior Procurement Executive.

Questions regarding the content of this report may be directed to Binita Sharma, Sr. Procurement Analyst, Office of Acquisition and Property Management.

Appendix A: Google Survey Form

DOI FY 2017 Service Contract Inventory Survey

Complete this survey for each service contract reviewed as part of the FY17 Service Contract Inventory analysis no later than January 11, 2019.

Your email address (binita_sharma@ios.doi.gov) will be recorded when you submit this form. Not binita_sharma? [Sign out](#) * Required

1. PIID / Contract Number: *

2. Action obligation dollar amount: *

3. Contractor Name: *

4. Description of services procured:*

5. Product/Service Code: *

As coded in FPDS-NG

Mark only one oval.

R499

C219

R425

D399

C211

F016

V221

6. Is the designated PSC appropriate given the nature of the services procured? * *Mark only one oval.*

- Yes
- No

7 If you answered "no" above, please enter the PSC that more appropriately fits this contract action:

8. Contract Type:

Check all that apply.

- Firm fixed price
- Fixed price award fee
- Fixed price with economic price adjustment
- Labor hours
- Time and materials
- Cost plus award fee
- Cost plus fixed fee
- _____

Cost no fee Other:

9. Bureau *Mark only one oval.*

- BIA
- BLM
- BOR
- BSEE/BOEM
- IBC
- FWS
- NPS
- USGS

OSMRE

10. Program Office: *

11. Contracting Officer: *

12. Contracting Officer's Representative (COR): *

Contract Oversight

13 Number of contractors involved in performance of the contract: *

14. Number of Government employees involved in the oversight of the contract: *

Including all parties such as Contracting Officer, COR, etc.

15. Who supervises and/or assigns workload to contractor personnel?

16. Describe any monitoring systems or processes in place for contract management and oversight.

17. Overall, do you feel there is adequate oversight of contract activity? * *Mark only one oval.*

- Yes
- No

18. If you answered "no" above, please provide a brief explanation.

19. Have there been any cost overruns or schedule delays? * *Mark only one oval.*

- Yes
- No

20 If you answered "yes" above, please provide a brief explanation.

21. Are quality controls in place to ensure the contract is being performed in accordance with applicable policies and regulations? * *Mark only one oval.*

- Yes
- No

22. If you answered "yes" above, please provide a description of the controls that are in place. If you answered "no," please provide an explanation.

Contractor Activity

23. Do contractor personnel perform any of the following tasks?

Select all that apply.

Check all that apply.

- Supervise or assign work to Government personnel
- Approve or help determine policy or regulations
- Approve Government position descriptions
- Participate in the selection/non-selection of Government personnel
- Participate in source selections for contract awards
- Participate in contractor performance evaluations
- Approve the disposal of Government property
- Attend conferences on behalf of the agency
- _____

Conduct agency training courses

Other:

24 Describe the contractor's role in any of the above selected tasks.

25. Are contractors involved in acquisition planning activities? * *Mark only one oval.*

- Yes
- No

26. Do contractors assist in the development of statements of work? * *Mark only one oval.*

- Yes
- No

27. Are contractors involved in the performance of technical evaluation of contract proposals? * *Mark only one oval.*

- Yes
- No

28. Are contractor personnel involved in the awarding of contracts? * *Mark only one oval.*

- Yes
- No

29. Are contractors involved in contract management activities (such as where the contractor might influence official evaluations of other contractors)? * *Mark only one oval.*

- Yes
- No

30. Do contractors participate in any situation where it might be assumed that they are agency employees or representatives? * *Mark only one oval.*

- Yes
- No

31 Do contractor personnel perform critical functions in such a way that could affect the ability to maintain control of the agency mission and operations? * *Mark only one oval.*

- Yes No
-

32. If you answered "yes" to any of the questions above, please provide an explanation below.

Additional Information

33. If you'd like to provide any additional information relating to this contract, please do so in the space below.

Send me a copy of my responses.

Attachment A: Google Survey Form

DOI FY 2017 Service Contract Inventory Survey

1. PIID / Contract Number: *

2. Action obligation dollar amount: *

3. Contractor Name: *

4. Description of services procured:*

5. Product/Service Code: *

As coded in FPDS-NG *Mark only one oval.*

R499

C219

R425

D399

C211

F016

V221

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- No

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Yes No

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- Yes
- No

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Send me a copy of my responses.

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 Google Forms