



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Facilities, Security,
and Contracting

MEMORANDUM FOR FEDERAL PROCUREMENT POLICY

FROM:

Tina B. McGuire
Senior Procurement Executive

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SUBJECT: Analysis of Office of Personnel Management's FY2011 Service Contract Inventories

The following analysis is provided in response to the December 11, 2012 alert to Chief Acquisition Officers and Senior Procurement Executives regarding Service Contract Inventories. The Office of Personnel Management completed an analysis of its FY 2011 service contract inventory in accordance with Section 743 of Division C of the Fiscal Year (FY) 2010 Consolidated Appropriations Act, P.L. 111-117, to determine if the mix of Federal employees and contracts is effective or if re-balancing is required.

- A. **Special Interest Function:** The special interest function studied by OPM was Product Service Code (PSC) D302, "ADP Systems Development Services". The following information was obtained from the Federal Procurement Data System (FPDS). In FY 2010, OPM obligated a total of approximately \$9.8 million in services classified as PSC D302. In FY 2011, OPM obligated a total of approximately \$2.8 million in PSC D302 services, a decline of approximately \$7 million, and 71%. The decline was the result of a few large contracts expiring and management's decision to bring the functions in-house. The rationale for choosing D302 is that these were services within this PSC that were performed by Federal employees in the past.
- B. **Scope of Review:** The service contracts reviewed for compliance include all contracts in the inventory that required a contract modification in FY 2011.
- C. **Methodology:** The compliance review is inherent in OPM's contract modification process. When a contract modification request is submitted, the modification request is reviewed by the Contracting Officer (CO). The CO ensures that the work remains within the original scope of the contract and that it is not changed or expanded to become an inherently governmental function in accordance with Federal Acquisition Regulation Part 7.5.
- D. **Findings:** OPM is not using contractor employees to perform inherently governmental functions and is not using contractor employees to perform critical functions that could

affect the ability of the agency to maintain control of its mission and operations. Contract requirements documents are reviewed before contracts are awarded and/or modified to ensure that required services are not inherently governmental. In the absence of contractor support, OPM's employees within the various program offices are capable of performing critical functions. Contracting Officer Representatives (CORs) are trained and certified to ensure that contractor responsibilities are clearly defined and that OPM maintains control of the mission and operations. The amount obligated for D302 declined significantly with a one year time period.

- E. Actions taken or planned: No weaknesses or challenges were identified as a result of this analysis thus no action was taken nor planned.
- F. Status of previous issues: No issues were revealed in conducting this review.