



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Facilities, Security,
and Contracting

December 31, 2012

MEMORANDUM FOR FEDERAL PROCUREMENT POLICY

FROM: Tina B. McGuire *for Jean S. [Signature]*
Senior Procurement Executive

SUBJECT: Planned Analysis of FY2012 Inventories

The following plan 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 further determine if the mix of Federal employees and contracts is effective.

OPM has continued to use the methodology employed to review the FY 2010 Service Contract Inventory. The FY 2010 the service contracts reviewed for compliance included all contracts in the inventory that required a contract modification in FY 2011 and subsequently in FY 2012. All service contracts requiring modification in FY 2012 have been reviewed. The compliance review continues to be inherent in OPM's contract modification process. When a contract modification request is submitted, the modification request is reviewed by the Contracting Officer (CO) to ensure that the work remains within the original scope of the contract and is not changed or expanded to become an inherently governmental function in accordance with Federal Acquisition Regulation Part 7.5.

The special interest functions that OPM studied in FY 2012 are Management Support Services (MSS). In November 2011, the Office of Management and Budget (OMB) asked agencies to reduce contract spending for MSS by 15% in FY 2012. The rationale for emphasizing MSS contracts is as follows: (1) MSS are closely associated with inherently governmental functions and (2) MSS contracts will be already be receiving special management attention, especially from the Chief Financial Officer, to meet the 15% reduction. Our 2012 review shows that OPM reduced MSS contracts by 20%, surpassing the reduction goal set by OMB.

A summary of the MSS Product Service Codes (PSCs) and the dollar obligated for them in FY 2012 is provided below.

PSC	Product or Service Description	FY11 Spend	FY12 Spend
D302	ADP SYSTEMS DEVELOPMENT SVCS	\$142,575.00	\$4,131,073.08
D307	AUTOMATED INFO SYSTEM SVCS	\$6,927,962.05	\$2,457,188.92
D310	ADP BACKUP & SECURITY SERVICES	\$61,215.56	\$0.00
D314	ADP ACQUISITION SUP SVCS	\$5,610.85	\$0.00
R408	PROGRAM MANAGEMENT/SUPPORT SERVICES	\$12,901,888.48	\$12,092,862.00
R413	SPECIFICATIONS DEVELOPMENT SERVICES	\$3,482,936.14	\$0.00
R414	SYSTEMS ENGINEERING SERVICES	\$12,359.85	\$0.00
R421	TECHNICAL ASSISTANCE	\$0.00	-\$4,307.60
R423	INTELLIGENCE SERVICES	\$0.00	\$0.00
R425	ENGINEERING & TECHNICAL SERVICES	\$0.00	\$197,717.35
R497	PERSONAL SERVICES CONTRACTS	\$0.00	\$0.00
R707	MGT SVCS/CONTRACT & PROCUREMENT	\$441,573.60	\$277,030.70
TOTAL:		\$23,976,121.53	\$19,151,564.45