

**U.S. Office of Personnel Management FY2014  
Service Contract Inventory Analysis Report**

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 (OPM) completed an analysis of its FY 2014 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. In FY 2012, OPM obligated a total of approximately \$4.1 million in PSC D302. The increase was the result of a six contract awards to include a BPA award of approximately \$3 million. In FY 2013, OPM obligated a total of \$746,913.30. These services were acquired through 6 firm fixed priced contracts. In FY 2014, OPM obligated a total of \$118,293.00 in PSC D302 services, a decline of \$628,620.30. These services were acquired through one firm fixed price contract. The rationale for choosing D302 is that these services have been historically performed by OPM employees.
- B. **Scope of Review:** The service contract reviewed for compliance includes the contract action in the inventory that fell under PSC D302 with a value that exceeded \$25,000. One firm fixed priced contract met these criteria, in the amount of \$118,293.00 for FY 2014.
- C. **Methodology:** The numerical data represented in this analysis was captured through Federal Procurement Data System (FPDS) reports. The compliance review is inherent in OPM's pre-award and administration processes. Specifically, when a requirements package is initiated or a contract modification request is submitted, it is reviewed by the Contracting Officer (CO) to determine if the mix of Federal employees and contracts is effective or if re-balancing is required. The CO ensures that the work is within the scope of the contract and that it has not changed and/or expanded in a manner to which it becomes an inherently governmental function in accordance with Federal Acquisition Regulation (FAR) Part 7.5 or that it represents an unbalanced workforce.
- D. **Findings:** OPM is not using contractor employees to perform inherently governmental functions, is maintaining an appropriate Federal to contractor support workforce ratio, 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.

E. Actions taken or planned: No weaknesses and/or challenges were identified as a result of this analysis thus no corrective actions are currently being taken or are planned for by OPM. There are no open issues from previous reviews. OPM will continue to monitor contractor performance and report any issues.

F. Accountable Officials:

a. Senior Agency Management Official: Director of Contracts, Juan Arratia. Juan Arratia is responsible for ensuring appropriate internal management attention is given to the development and analysis of service contract inventories

b. Official: Division Director of Acquisition Policy and Innovation, Greg Blaszkowski. Gregory Blaszkowski is accountable for the development of agency policies, procedures, and training.