

FY 2013 SERVICE CONTRACT INVENTORY ANALYSIS

FY 2014 Inventory and Analysis Plan

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*COURT
SERVICES
AND
OFFENDER
SUPERVISION
AGENCY FOR
THE DISTRICT
OF COLUMBIA*

ABOUT COURT SERVICES AND OFFENDER SUPERVISION AGENCY FOR THE DISTRICT OF COLUMBIA

The Court Services and Offender Supervision Agency (CSOSA) was established under Section 11232 of the National Capital Revitalization and Self-Government Improvement Act of 1997 to effectuate the reorganization and transition of functions relating to pretrial services, parole, adult probation and offender supervision in the District of Columbia to a Federal Executive Branch agency. The mission of CSOSA is to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in close collaboration with the community. CSOSA also provides treatment services to persons who have been ordered to undergo such treatment by the courts, either as part of a sentence or pre-sentence, or as a condition of probation or parole. These persons (hereinafter referred to as offenders) may be dually-diagnosed with both mental health and chemical dependency issues.

INTRODUCTION

Service Contract Inventories are prepared annually by civilian agencies that are required to submit an inventory in accordance with the Federal Activities Inventory Reform Act of 1998, in order to comply with the act and the provisions of the Fiscal Year (FY) 2010 Consolidated Appropriations Act. The Service Contract Inventory is a tool for assisting agencies in better understanding how contracted services are being used to support agency missions and operations and whether contractors' skills are being utilized in an appropriate manner. The Office of Management and Budget (OMB) and Office of Federal Procurement Policy (OFPP) issued a memorandum on November 25, 2014 providing guidance to Federal Agencies on preparing their inventories of service contracting for the fiscal year. In its guidance, OMB directed agencies to report on their FY 2013 inventory analysis and prepare an FY 2014 inventory as previous inventories under OFPP's November 5, 2010 memorandum. In addition, agencies shall include a summary and agency-reviewed inventory supplement that identifies the amount invoiced, direct labor hours and a plan for analyzing the FY 2014 inventory. This report documents CSOSA's findings of the data in its FY 2013 Service Contract Inventory analysis and proposes a plan analysis for FY 2014 Service Contract Inventory.

BACKGROUND

Section 743 of Division C under the FY 2010 Consolidated Appropriations Act, P.L. 111-117, requires civilian agencies to prepare an annual inventory of their service contracts and analyze their inventory to determine whether the mix of Federal employees and contractors is effective or if rebalancing may be required. Pursuant to Section 743 and associated guidance from OMB, this report document the requirement to conduct a meaningful analysis of the data in CSOSA's FY 2013 inventory for the purpose of determining if contract labor is being used in an appropriate and effective manner.

SCOPE OF ANALYSIS:

In accordance with the OFPP guidance, CSOSA submitted a planned analysis, identifying which "special interest functions" in its FY 2013 inventory will be evaluated for analysis. The planned analysis aimed to validate the results of the agency's policies and training programs implemented in efforts to prevent contractors from performing Inherently Governmental Functions (IGF),

personal service contracts and ensuring accuracy and complete Federal Procurement Data System-Next Generation (FPDS-NG) contract action reporting.

Such polices and training programs were discussed in the agency’s FY2012 Inventory Analysis and referenced as” Actions to be Taken or Planned”. In summary, the following policies and programs were developed and/or implemented in FY2012 and FY2013:

- Mandatory procurement contract action review to ensure that Contract Action Reports (CAR) reports are processed for each contract action and entered into FPDS-NG correctly;
- Mandatory legal review of all personnel service contracts over \$25,000;
- Contracting writing system that provides automatic interface with FPDS-NG that is mandatory for contract award;
- Aggressive FPDS-NG training program for acquisition professionals;
- FPDS-NG User manual with agency specific information;
- Mandatory COR training and certification;
- New information technology and personnel security contract clauses for oversight of contract personnel and policies and operational instructions for acquisition processes and management.

In accordance with the Consolidated Appropriations Act, 2010, Division C, Title VII§ 743(e), CSOSA has ensured through its analysis that:

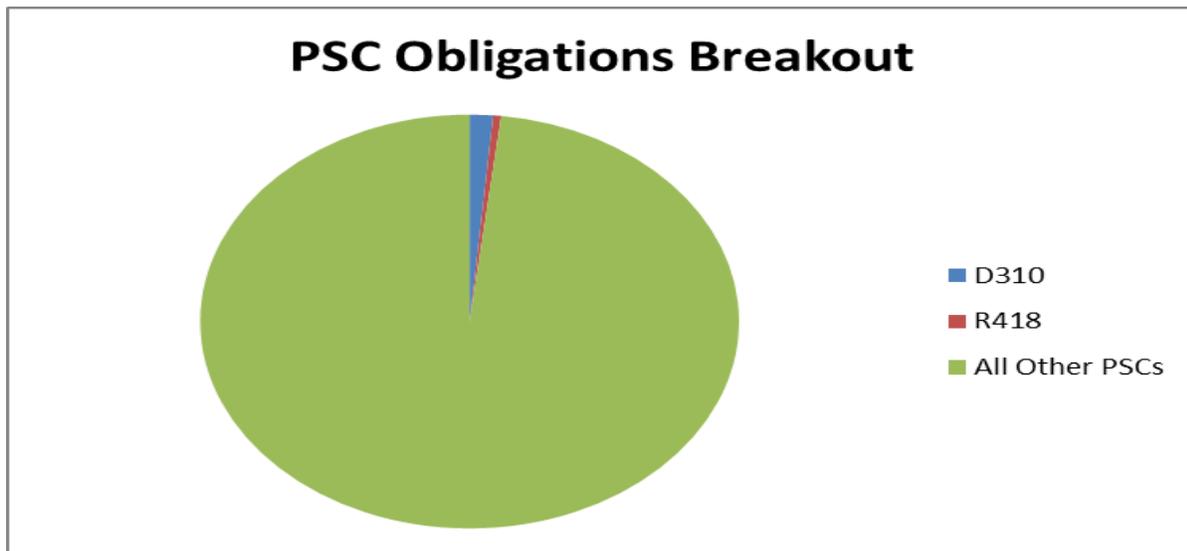
- The agency is not using contractor employees to perform IGF;
- The agency has specific safeguards and monitoring systems in place to ensure that work being performed by contractors has not changed or expanded during performance to become an IGF;
- The agency is not using contractor employees to perform critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations.

Table 1 and Figure 1 below represent the Product Service Codes (PSC) studied by the agency and their obligation percentage as compared to the Agency’s entire service contract obligations. The analysis includes all service contract awards against the identified PSCs exceeding \$25,000.00 that were awarded in FY 2013.

Table 1: CSOSA Product Service Code:

Product Service Code	PSC Description	FY 2013 Obligations	Represented Contract Action	Percentage of FY 2013 Award Dollars
D310	Information Technology- Cyber Security-Data Back-Up	\$642,415.44	3	1%
R418	Support-Professional: Legal	\$218,327.19	3	1%

Figure 1: CSOSA Product Service Code Obligations



CSOSA selected the above PSCs because each contract action was identified as closely associated with inherently governmental functions and consequently could expand into IGF without proper oversight and contract management. The studied PSC was found imperative for a meaningful analysis despite representing only 2% of the agency's inventory. The intent of this analysis is to reexamine its IT Cyber Security services and Professional Legal service code contracts to determine the results of FY 2012 implementation of the above noted agency's policies, procurement reviews and training programs. The total obligation amount analyzed was \$860,742.63 which represents 6 contract actions. In FY2013, CSOSA also incurred obligations for an additional four (4) of OMB's identified special interest functions (D302, D307, D314 and R707). These contracts were performance-based and did not present a risk that performance may impinge on Federal officials' performance of IGF nor present an overreliance on contractor's personnel that would critically affect the agency's control of its mission and operations.

METHODOLOGY

The agency's scope of the analysis was assessed by a qualitative case evaluation approach including 100% review for every contract action for the PSCs identified in Table 1. The analysis was aimed at determining the following areas:

1. Determine if the agency's procedures and policies aimed towards addressing deficiencies and concerns regarding personal services and closely associated inherently governmental contracts were successful.
2. Determine if Contracting Officer Representative (COR) training programs, contractor's personal security and informational technology provisions prevented personal services and reduced those functions which were deemed closely associated inherently governmental.
3. Identify necessary improvements to service related acquisition FPDS-NG reporting.

The analysis technique involved the following review and data collection:

- Contract monitoring practices and mechanism
- COR questionnaires

- Contract files, including scope of work
- Contract Action Report (CAR) in FPDS-NG

The resultant six (6) contract actions under study represent three (3) contract awarded in FY 2011 and 2013 to Lunarline Incorporated, Iron Mountain Information Management LLC and Assigned Counsel Incorporated. The three (3) contracts provide agency-wide enterprise cyber security and attorney support service support. All three contracts require contractor personnel; however Lunarline Incorporated and Assigned Counsel Incorporated contracts required a higher level of government employee oversight due to the contract type and number of contractor personnel. The contracts ranged in obligation with differences in administration, reporting and performance terms and conditions.

AGENCY FINDINGS

Overall, the Agency's practices were increasingly consistent with the desired outcomes described in Consolidated Appropriations Act, 2010, Division C, Title VII§ 743(e). The analysis specific outcomes found:

PSC D310 and R418 Contract Monitoring Practices and Mechanism Specific Findings:

Based on the review, it was determined that CSOSA's policies and training programs resulted in a significant increase in COR certification, experience and the COR's ability to properly monitor and oversee contracts. Consequently, services being performed by contractors has not changed or expanded during performance to become inherently governmental functions. In regards to PSC D310 and R418 contracts, the oversight provided by COR and the procurement office was found sufficiently comprehensive. The CORs required weekly status reports for contract monitoring and the CORs evaluation of contractor's performance covered quality of services and timelines of performance. While, each specific contract provided planning and management of critical operation functions, final authority always remained with government personal. Overall, in each case, there were procedures in place for adequate government oversight.

PSC D310 and R418- COR Questionnaires Specific Findings:

The below questionnaire gathered information in support of the agency's conclusion:

- (1) 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?
- (2) 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?
- (3) 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?
- (4) Does the contract include a Performance Work Statement (PWS) that clearly outlines the Non-Personal service tasks to be performed by the contractor?

The overall consensus from the questionnaire revealed that: (1) there were no cases where contractor's performed IGF (2) proper safeguards and monitoring systems were in place and (3)

the PWS did not include tasks which were considered personal services. For example, one respondent noted that the contractor's tasks are restricted to ensure that the contractor personnel are not making any final decisions that are reserved for government personnel. This is monitored by daily observation as well as by a review of the contractor personnel's weekly activity report. All respondents provided evidence that proper safeguards and monitoring systems were in place to minimize the risk of contractor's performing inherently governmental functions.

PSC D310 and R418-Contract files (including scope of work) Specific findings:

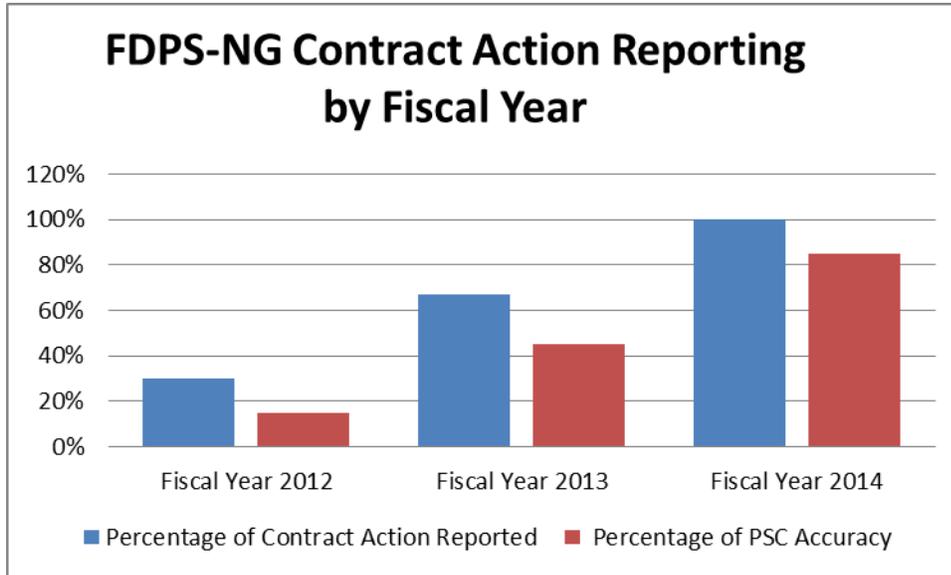
CSOSA performed a comprehensive review all three (3) contracts for the studied PSC with special focus on the scope of work. The review revealed that among the three (3) contracts, two (2) were found to include clear defined work to be performed by the contractor. However, the work was deemed closely related to the public interest as to mandate performance by federal government employees. For example, both the Lunarline Incorporated and Assigned Counsel Incorporated contract included specific language requiring the contractor to provide, ideas, reports, analyses and other work that have potential for influencing the authority, accountability and responsibilities of government officials. The Iron Mountain Information Management LLC contract which provides personnel support for data protection and recovery did not include a statement of work describing the work to be performed by the contractor. Special management attention was given to the studied contracts and as a result, the Lunarline Incorporated contract was re-competed to Firm Fixed Priced Performance-Based Contract in FY 2014. The Assigned Counsel Incorporated contract is due to expire and the agency has put in place a new contract with clear defined deliverables where the risk for contractors performing inherently government functions is significantly lower. The Iron Mountain Information Management contract requires special management attention and continued oversight to ensure performance does not expand into inherently governmental functions. This contract is due to expire in June of 2015. The acquisition plan is to put in place a new contract with clear defined deliverables and a quantity control plan to ensure performance does not expand to IGF.

Contract Action Reports (CAR) in FPDS-NG Specific Finding:

CSOSA reported in its FY12 analysis that only 67% of service CARs were entered in FPDS-NG in FY13 and forty-five (45) of the special interest PSC codes were entered incorrectly. Subsequently, data was captured from CSOSA's Financial Management System (Oracle) combined with FPDS-NG and reported to OMB for CSOSA's FY 2013 Service Contract Inventory.

In FY 2014, 100% of contract actions were reported in FPDS-NG with a decrease in PSC's errors as a result of the agency's contracting writing system mandatory interface with FPDS-NG, aggressive FPDS-NG training, new policies and quarterly CAR reporting reviews. Figure 2 below illustrates the agency's reporting improvements from FY 2012 to FY 2014.

Figure 2: CSOSA FPDS-NG Contract Action Reporting by Fiscal Year



The overall findings from the FY 2013 analysis found that the agency’s implemented practices and procedures were proven successful resulting in an effective mix of federal employees and contractors, no cases of contractor’s performance expanding into inherently governmental functions and a significant increase of reportable CARs into FPDS-NG.

SYSTEM FOR AWARD MANAGEMENT OF SERVICE CONTRACT REPORTING

OFPP issued guidance requiring agency’s to include a comprehensive summary and reviewed inventory supplement that identifies the amount of invoiced direct labor from contractors reported data in the System for Award Management (SAM). In accordance with the new Federal Acquisition Regulation (FAR) Subpart 4.17, CSOSA identified twenty (21) contracts totaling 53% of its FY 2014 service contract inventory requiring invoiced and direct labor reporting in SAM. The table below lists the contracts and obligations for the PSC requiring invoice and labor hours reporting in accordance with FAR 4.1703:

Product or Service Code	Product or Service Description	Type of Contract	Vendor Name	Action Obligation
C219	ARCHITECT AND ENGINEERING-GENERAL: OTHER	LABOR HOURS	LITTLE DIVERSIFIED ARCHITECTURAL CONSULTING, INC.	\$48,824.00
D307	IT AND TELECOM- IT STRATEGY AND ARCHITECTURE	LABOR HOURS	ENTERPRISE TECHNOLOGY MANAGEMENT, LLC	\$142,000.00
D318	IT AND TELECOM- INTEGRATED HARDWARE/SOFTWARE/SERVICES SOLUTIONS, PREDOMINANTLY SERVICES	LABOR HOURS	LINTECH GLOBAL, INC.	\$700,000.00
G004	SOCIAL- SOCIAL REHABILITATION	LABOR HOURS	PONDS, ROBERTA	\$30,366.00

M1BG	OPERATION OF ELECTRONIC AND COMMUNICATIONS FACILITIES	TIME AND MATERIALS	ENTERPRISE TECHNOLOGY MANAGEMENT LIMITED LIABILITY COMPANY	\$49,371.69
N063	INSTALLATION OF EQUIPMENT-ALARM, SIGNAL, AND SECURITY DETECTION SYSTEMS	TIME AND MATERIALS	COMMUNICATIONS RESOURCE, INCORPORATED	\$1,698,997.44
Q518	MEDICAL- PHYSICAL MEDICINE/REHABILITATION	LABOR HOURS	TASHKA INC	\$35,880.00
Q519	MEDICAL- PSYCHIATRY	LABOR HOURS	ALTOS FEDERAL GROUP, INC.	\$1,289,080.00
R425	SUPPORT- PROFESSIONAL ENGINEERING/TECHNICAL	LABOR HOURS	SECOM LIMITED LIABILITY COMPANY	\$30,000.00
R431	SUPPORT- PROFESSIONAL: HUMAN RESOURCES	LABOR HOURS	CONCORD PERSONNEL SERVICES INC	\$66,903.20
R499	SUPPORT- PROFESSIONAL: OTHER	LABOR HOURS	BUSINESS STRATEGY CONSULTANTS	\$27,483.90
R707	SUPPORT- MANAGEMENT: CONTRACT/PROCUREMENT/ACQUISITION SUPPORT	LABOR HOURS	ALIGNED DEVELOPMENT STRATEGIES, INCORPORATED	\$124,214.87
R430	SUPPORT- PROFESSIONAL: PHYSICAL SECURITY AND BADGING	FIRM FIXED PRICE	OMNIPLEX WORLD SERVICES CORPOR	\$5,696,824.53
Q529	MEDICAL- MEDICAL/PSYCHIATRIC CONSULTATION	FIRM FIXED PRICE	CENTER FOR CLINICAL AND FORENSIC SERVICES INC, THE	\$750,000.00
G004	SOCIAL- SOCIAL REHABILITATION	FIRM FIXED PRICE	COALITION FOR THE HOMELESS INC	\$1,970,272.00
G004	SOCIAL- SOCIAL REHABILITATION	FIRM FIXED PRICE	HOLY COMFORTER-ST CYPRIAN COMMUNITY ACTION GROUP INC	\$2,069,954.74
G004	SOCIAL- SOCIAL REHABILITATION	FIRM FIXED PRICE	SALVATION ARMY (GA), THE (INC)	
G004	SOCIAL- SOCIAL REHABILITATION	FIRM FIXED PRICE	SAFE HAVEN OUTREACH MINISTRY INC	\$2,297,263.66
G004	SOCIAL- SOCIAL REHABILITATION	FIRM FIXED PRICE	FOUNDATION FOR CONTEMPORARY MENTAL HEALTH	\$510,436.96
G004	SOCIAL- SOCIAL REHABILITATION	FIRM FIXED PRICE	PHOENIX HOUSES OF THE MID-ATLANTIC, INC	\$674,356.76
G004	SOCIAL- SOCIAL REHABILITATION	FIRM FIXED PRICE	WISCONSIN AVENUE PSYCHIATRIC CENTER INC	\$84,654.76
Total				\$18,296,884.51

The Service Contract Report (SCR) excerpts of each twenty (21) contracts were reviewed as directed by OMB. Admittedly, the results of this review found that two contractors had the capability to report but did not report the amount invoiced or labor hours in SAM. The remaining nineteen (19) contracts did not have the capability in SAM to complete the SCR.

CSOSA has recognized that additional emphasis needs to be focused in this area. In effort to meet this requirement, all the identified contractors were notified to ensure compliance with FAR 4.17 with and a process to monitor compliance will be implemented. Furthermore, reporting guidance was distributed to all acquisition personnel to ensure the requisite clauses are included in new contracts, incorporated by modification if necessary and contractors are independently notified of this requirement.

ON-GOING PROCESS IMPROVEMENT OF ENFORCEMENT- ACTIONS TO BE TAKEN

The agency recognizes the need to continue training programs for acquisition professionals while implementing and enforcing additional polices aimed to minimize personal services and ICF. CSOSA recognized these challenges and in response intents to focus resources to continue improvement to reduce contractor tasking of IGF.

Given CSOSA’s commitment to improving the agency’s use of contractors, there have been several support actions and programs already underway agency-wide to ensure appropriate contracted functions. Key requirements which provide increased oversight and scrutiny for contract activities have been incorporated in the agency’s COR training and policies. CSOSA will continue with aggressive training programs for CORs and ensure service contract reporting requirements are met and performance by contractor’s are monitored to minimize the risk of closely associated with inherently governmental functions.

Going forward to ensure SAM reporting requirement are met, CSOSA intents by provide “instructional guides for service contractor reporting to CORs and Contractors and conduct quarterly review of contractor’s SAM Service Contract report.

FY 2014 SPECIAL INTEREST FUNCTIONS

The table below shows the special interest functions studied by the agency and the dollars obligated to those specific PSCs in FY 2014. The below five (5) functions were selected because they were identified by OMB for reducing spending on management support service contracts.

Product Service Codes	Description	Obligation	% of Obligations
D307	Automated Information System Design and Integration Services	\$142,000.00	0%
D310	IT-Cyber Security-Data Back-up	\$141,572.22	0%
R408	Support Professional Management	\$730,521.00	2%
R418	Support-Professional-Legal	\$129,448.17	0%
R425	Support-Professional -Engineering	\$30,000.00	0%
	Total	\$1,173,541.39	3%

FY 2014 ANALYSIS PLAN

The FY 2014 planned analysis will focus on the below Professional Engineering, Acquisition Support and Information Technology Strategy and Architecture” PSC (R707, R425 and D307) categories. The below table identifies the special interest functions which will be the subject of CSOSA FY2014 planned analysis.

Product Service Codes	Description	Vendor Name
R707	Support- Management: Contract/Procurement/Acquisition Support	Aligned Development Strategies, Incorporated
R425	Support- Professional Engineering/Technical	Secom Limited Liability Company
D307	It And Telecom- It Strategy And Architecture	Enterprise Technology Management, LLC

The above product service codes were chosen to ensure enforceability and compliance with FAR 4.1703 reporting requirements and because the PSCs are OMB identified specialist interest functions. CSOSA intends to examine the above PSCs to determine:

- (1) Proper reporting requirements has been implemented and enforced by the acquisition staff and contractors.
- (2) Identified if continued process improvement through COR and Contracting Officer training has further reduced contractor tasking of inherently governmental functions and performance personal services.

FY 2014 Planned Analysis Methodology

The methodology to be used for the FY 2014 planned analysis shall include:

- (1) A comprehensive review of PSC actions that are subjected to FAR 4.1703 reporting requirements.
- (2) Review of contractor’s SAM Service Contract Reports
- (3) Interview CORs and Contracting Office (CO) of the respective special interest contracts to identify whether or not:
 - (1) Safeguards and monitoring systems are place to ensure that work being performed by contractors has not changed or expanded during performance to become an inherently governmental function
 - (2) The contractor to government work is balanced with no over-reliance on contractor support to performance critical mission operations
 - (3) Proper oversight is in place to ensure compliance with FAR 4.1703

The results and findings from of the above analysis will be submitted with the FY 2014 Service Contract Inventory Report, January 15, 2015.

Any questions related to this report should be sent to Kim Spangler, Deputy Director, Office of Procurement and/or Monique Young, Procurement Analyst, at kim.spangler@csosa.gov and monique.young@csosa.gov. They can also be reached at 202.220.5795 and 202.220.5729, respectively.

Attachments:
Appendix B, FY 2014 Service Contract Inventory
Appendix C, Special Interest Functions
SAM New Supplement