

# FY 2013 Service Contract Inventory Analysis



## FY 2013 Inventory and Analysis Plan

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

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## **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 by 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. In addition to the inventory, which is prepared and published separately, agencies are required to prepare an analysis of the previous year's inventory. This report documents CSOSA's analysis of the data in its FY 2012 Service Contract Inventory.

### **Background**

Section 743 of Division C of 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 if the mix of Federal employees and contractors is effective or if rebalancing may be required. On March 28, 2013, CSOSA published its completed FY 2012 Service Contract Inventory in the Federal Register, as required and in accordance with the Office of Federal Procurement Policy memos providing guidance for submission of service contract inventories dated November 5, 2010, and December 19, 2011. This report serves to document the requirement to conduct a meaningful analysis of the data in CSOSA's FY 2012 inventory for the purpose of determining if contract labor is being used in an appropriate and effective manner.

### **Special Interest Functions**

In its December 11, 2012 memorandum, the Office of Federal Procurement Policy (OFPP) directed agencies to select "special interest functions" for further analysis. Special interest functions are functions that require increased management attention due to heightened risk of workforce imbalance. In accordance with the OFPP guidance, CSOSA submitted a planned analysis, identifying which "special interest functions" in its FY 2012 inventory will be evaluated for analysis. The FY 2012 inventory consisted of ninety-six contracts with 193 contract actions and thirty-seven Product Service Code (PSC) categories.

CSOSA selected nine (9) PSCs for special interest functions. The special interest PSC codes for FY 2012 are noted in Table 1. Table 1 also notes the amount of obligation and the related

percentage of total obligations for each PSC code. (A detailed listing by contract action is contained in Appendix B, FY 2012 Service Contract Inventory.) The nine (9) special interest function codes for FY 2012 cover 15% of CSOSA service obligations.

The special interest function code selected by CSOSA for the FY 2012 analysis is D310, Information Technology, Cyber Security and Data Backup. This code contains three (3) contracts, five (5) contract actions, and covers 3% of the total obligations. Table 2 is a detailed listing of the contract actions under the D310 PSC Code including the number of contractor personnel association with each contract.

PSC D310 is a sensitive area that is a combination of closely related to inherently governmental functions and functions that are classified as other than inherently governmental. The decision to analyze this area is based on those functions that are classified as closely related because of the processing of secured data which, without appropriate oversight and controls, may affect the agency’s ability to maintain control of its mission and operations. In that regard, our analysis will focus on the contract actions for Lunarline, Inc.

**Table 1 – FY 2012 PSC Codes: Special Interest Functions**

<b>PSC</b>	<b>PSC Description</b>	<b>Obligation</b>	<b>% of Total</b>
D302	IT Systems Development	\$527,376.61	2%
D307	IT Strategy & Architecture	\$583,771.61	2%
D308	IT Telecom - Programming	\$145,600.00	0%
D310	IT Cyber Security & Backup	\$886,534.49	3%
R408	Program Management	\$1,375,000.00	4%
R418	Professional Legal	\$740,442.40	2%
R425	Systems Engineering	\$36,797.00	0%
R699	Support Administrative	\$370,710.81	1%
R707	Support Management Contracts	\$386,089.04	1%
	<b>TOTAL</b>	<b>\$ 5,052,321.96</b>	<b>15%</b>

**Table 2 - PSC Code 310 Details - IT Security & Backup Contract Actions**

<b>PSC</b>	<b>PSC Description</b>	<b>Obligation</b>	<b># of Contractor Personnel</b>
<b>D310</b>	<b>IT Cyber Security &amp; Backup</b>		
<b>Vendors</b>	Iron Mountain Data Protection Inc	\$31,314.16	0
	Alvarez & Associates	\$50,220.33	0
	Lunarline Inc	\$275,000.00	16
	Lunarline, Inc	\$330,000.00	
	Lunarline, Inc	\$200,000	
	<b>TOTAL</b>	<b>\$886,534.49</b>	

## **Methodology**

CSOSA gathered contract action data from ORACLE, the CSOSA financial management system and Contract Action Reports (CAR) in Federal Procurement Data System-Next Generation (FPDS-NG) to capture a complete representation of its contract inventory. As reported last year, the majority of the data came from ORACLE resulting in efforts made to update FPDS-NG. Currently, FY 2012 analysis revealed that 48% of the contract action reports have been processed in FPDS-NG, while Oracle represents a completed (100%) inventory of contract actions. The data was consolidated to provide a complete accurate representation for CSOSA service contract actions for analysis.

To perform its analysis, CSOSA conducted an overall comparative analysis on all FY 2012 special interest functions, considering factors such as the use of high risk inherently governmental functions and the reporting deficiencies in CSOSA's FY 2012 contract inventory report. The findings from CSOSA's FY 2012 contract action reporting analysis found that, CSOSA contract action reporting were not entered in nor correctly coded in FPDS-NG. Additionally, Information Technological Special Interest contractors were found performing functions closely related to inherently governmental.

CSOSA examined the three FY 2012 PSC D310 contract actions noted as closely related to inherently governmental functions to identify and determine whether or not:

- (1) Special Interest functions contract actions were correctly entered and coded appropriately in FPDS-NG.
- (2) Contract actions were identified as Inherently Government functions
- (3) Adequate oversight measures were in place to ensure compliance with contract requirements.
- (4) Procurement professionals were complaint with reporting requirement in FPDS-NG.

The analysis performed included:

- Review of each contract under PSC code D310 for the number of contractor personnel and their related functions;
- Interviews with the Office of Information Technology staff for levels of authority and any workforce issues; and
- Interviews with the Contracting Officer Representatives (COR's) for any information on contractor compliance with contractual requirements.

## **Agency Findings**

In general, practices were increasingly consistent with the desired outcomes described in section 743(e)(2) of the FY 2010 guidance. The analysis specific outcomes found:

- There were no reported or discovered instances at CSOSA in FY 2012 wherein CSOSA contracted for inherently government functions.
- Contracting Officer Representatives (CORs) felt proper oversight was in place for specific safeguards and monitoring systems to ensure that work being performed by

contractors has not changed or expanded during performance to become inherently governmental functions.

- Training records for CORs reflected outdated and insufficient training to ensure appropriate contract oversight.
- Training records for Contracting Officers reflected outdated and insufficient training to ensure appropriate contract oversight and reporting requirements.
- CSOSA has overall increased the number of service CAR entered in FPDS-NG. The analysis found that there is a 67% increase in the number of the service contract action reported in FPDS-NG.
- The comparison also found that forty-five (45) of the special interest PSC codes were entered incorrectly and needed corrections.

### **PSC D310 Specific Findings**

The contract actions noted for Iron Mountain Data Protection Inc. and Alvarez & Associates are included in this PSC code selected for analysis. However, but are coded as “other than” inherently governmental function and have no contract personnel at CSOSA. Both contracts provide back-up data storage services for the agency and present a low risk to the agency of losing control of its mission or operations.

The three (3) contract actions reported for Lunarline, Inc. are noted as closely related to inherently governmental functions. This contract was awarded to develop and implement the information technology security measures and procedures for data, personnel and training. This work is not inherently governmental and there is little risk of the agency losing control of its mission or operations. The contract contains approximately sixteen (16) contract personnel whose work and deliverables are closely monitored by CSOSA Service Delivery Director and the COR. It was noted, however, that the initial contract did not contain sufficient information technology security specific clauses. The contract was modified subsequent to this study and the required clauses were updated in the contract.

### **Actions Taken or Planned**

In view of the above identified issues, CSOSA developed and implemented the following:

- Comprehensive review of procurement processes;
- Reorganization of Procurement Office;
- Mandatory Procurement contract action review to ensure that 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;

- Continued and improved oversight and contract management of contractor responsibilities are needed to ensure duties are not expanded into inherently governmental functions.
- Policies and Operational Instructions for acquisition processes and management; and
- Launch of the Quality Improvement Unit in the Office of the Director that will assist with tracking and reporting quality of direct service contracts

Many of the contracts reviewed for the purpose of this report and the FY 2012 and FY 2013 inventories had multiple minor errors in coding that resulted in challenges in their identification and examination. Since FY 2012, CSOSA has implemented a program of continual monitoring (Procurement Review) of contract coding for errors, and performs outreach with contracting staff responsible for coding when errors are found. FY 2013 data received more scrutiny and has a higher reliability than earlier data as a result. CSOSA continues to monitor contract coding and will continue its outreach and education efforts to reduce the incidence of coding errors in the future.

The above actions represent a consolidated effort by the CSOSA Office of General Counsel, the Office of the Director, the Offices of Information Technology, Security and Procurement to address the “holes” in the awarding, tracking and monitoring of contract awards and contract personnel. These efforts, together, will ensure contractor performance does not shift to inherently governmental functions.

## **FY 2013 Analysis Plan**

The FY 2013 Analysis will focus on “IT Cyber Security and Professional Legal Services” PSCs (D310 and R418 categories). CSOSA intends to reexamine its IT Cyber Security Services to determine the results of FY 2012 agency’s policies and training programs implemented to prohibit contractors from performing inherently governmental functions, preventing unauthorized personal services and ensuring accuracy and complete contract action reporting.

Furthermore, CSOSA will analyze the “R418-Professional Legal” service codes since this Special Interest Function was identified as closely associated with inherently governmental functions and could easily expand into inherently governmental functions without proper oversight and contract management. The FY 2013 Analysis planned PSC codes include:

D310	IT Cyber Security & Backup
R418	Professional Legal

## **FY 2013 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 2013. The first seventeen (17) of these functions were selected because they were identified by OMB for reducing spending on management support service contracts.

<b>PSC</b>	<b>Description</b>	<b>Obligation</b>	<b>% of Obligations</b>
D302	IT-System Development	\$707,730.80	2%
D304	IT-Telecom Telephone Services	\$1,197,988.82	3%
D306	Automatic Data Processing System Analysis Services	\$154,000.00	0%
D307	Automated Information System Design and Integration Services	\$396,000.00	1%
D309	Automatic Data Processing Information & Data Broadcasting or Distribution Services	\$302,471.00	1%
D310	IT-Cyber Security-Data Back-up	\$642,415.44	1%
D314	Automatic Data Processing Acquisition Support Services	\$996,087.00	2%
D315	Digitizing Services	\$1,063,102.00	2%
D316	Telecommunication Network Management Services	\$352,241.43	1%
D318	IT & Telecommunications - Integrated hardware/software/services solutions	\$48,804.60	0%
D319	IT & Telecommunications - Annual software maintenance service plans	\$543,691.81	1%
R418	Legal Services	\$218,327.17	1%
R604	Mail and Distribution Services	\$290,213.72	1%
R699	Support-Background Investigation	\$471,554.89	1%
R703	Accounting Services	\$170,422.56	0%
R704	Auditing Services	\$49,818.00	0%
R707	Contract, Procurement and Acquisition Support Services	\$230,411.20	1%
R710	Financial Services	\$60,000.00	0%
	<b>Total</b>	<b>\$7,895,280.44</b>	

## Analysis Methodology

The OMB Memorandum provided that when choosing functions for planned analysis that agencies "... reflect insight gained and lesson learned from prior years' inventory and should identify functions that were not previously the subject of a focused analysis unless additional analysis of those functions is necessary". In order to conduct a meaningful analysis, CSOSA deems it necessary to follow-up and reexamine the outcomes of its agency programs and policies implemented and aimed towards addressing the deficiencies and concerns related to the FY 2012 analysis and findings. A reevaluation for this special interest group will allow the agency to further determine the effectiveness of our recently implemented Contracting Officers and Contracting Officer Representative training programs, contractor's personal security and Informational Technology security policies and provisions and other provisions

The methodology of the FY 2013 Planned Analysis will include:

- Review the above service codes to determine whether or not training programs implemented resulted in 100% accuracy in PSC coding and 100% contract actions representation in FPDS-NG.
- Review each contract under PSC D310 and R418 to determine the results of CSOSA's IT and Security provisions in terms of preventing system vulnerabilities and the risk of contractor performance of inherently governmental functions in both IT Security and legal services. Questionnaires will be sent to the Acquisition Professionals (Contracting Officers and Contracting Officer Representative) with the following questions:
  - (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?
  - (5) Is there a sufficient number of CORs appointed to ensure oversight of contract performance?

Results and findings from of the above analysis will be submitted with the FY 2014 Service Contract Inventory Report, December, 2014.

Any questions related to this report should be sent to Maile Parker, Head Contracting Authority, at [maile.parker@csosa.gov](mailto:maile.parker@csosa.gov) or Monique Young, Procurement Analyst, at [monique.young@csosa.gov](mailto:monique.young@csosa.gov). They can also be reached at 202.220.5331 and 202.220.5729, respectively.

Attachments:

Appendix B, FY 2013 Service Contract Inventory  
Appendix C, Special Interest Functions