

U.S. Department of Labor  
Fiscal Year 2017  
Service Contract Inventory  
Analysis

**Department of Labor**  
**Fiscal Year 2017 Service Contract Inventory Analysis**

**1. Scope**

**2. Background**

Section 743 of Division C, of the Fiscal Year (FY) 2010 Consolidated Appropriations Act, P.L. 111-117, requires civilian agencies to prepare an annual inventory of their service contracts, and to analyze the inventory to determine if the mix of federal employees and contractors is effective or requires rebalancing. The analysis also focuses on ensuring that contractors are not performing inherently governmental work. This report provides information on the Department of Labor's (DOL) service contracts, in accordance with implementing guidance contained in OMB Memorandum to Chief Acquisition Officers and Senior Procurement Executives, dated October 5, 2017.

DOL's Office of the Chief Procurement Officer (OCPO) analyzed DOL's FY 2017 service contract inventory with goals to identify: (1) inherently governmental functions being performed by contractors (in accordance with OFPP Policy Letter 11-01, FAR 7.5), (2) personal services (in accordance with FAR 37.1), and (3) services closely associated with an inherently governmental functions (OFPP Policy Letter 11-01, OFPP M-09-26 memo, FAR 7.5 and 37.1).

**I. Proposed Requirements for Services Analyzed and Dollars Obligated in FY 2018**

The FY 2018 Service Contract Inventory report contained 986 DOL contract actions.

In its analysis, the OCPO selected Product Service Codes (PSC) that focused on Special Interest Functions in two categories:

1. OMB Special Interest Functions - based on DOL's spending of the PSCs designated by OMB/OFPP as high risk.
2. DOL Special Interest Categories - DOL identified specific PSCs with high dollar/potentially high risk awards.

The rationale for focusing on these special interest functions is based first on a requirement from Of PP for certain mandated PSCs, along with DOL's decision to focus on high dollar value awards, and its agencies' use of "other" service codes, and other mission-related specialty areas.

The following is a table of DOL's FY 2017 special interest PSCs to include dollars obligated and number of contracts:

**OMB Identified Special Interest Functions**

<b>PSC</b>	<b>Product or Service Description</b>	<b>FY 2018 Spend</b>	<b># of Contracts</b>
D302	ADP SYSTEMS DEVELOPMENT SVCS	\$20,467,427.86	3
D307	AUTOMATED INFO SYSTEM SVCS	\$7,593,003.10	3
D310	ADP BACKUP & SECURITY SERVICES	\$19,646,092.28	4
D314	ADP ACQUISITION SUP SVCS	\$258,098.34	1
R408	PROGRAM MANAGEMENT /SUPPORT SERVICES	\$70,288,499.45	26
R423	INTELLIGENCE SERVICES	0	0
R425	ENGINEERING AND TECHNICAL SER	\$824,241.60	1
R497	PERSONAL SERVICES CONTRACTS	\$17,413,704.13	13
R707	MGT SVCS/CONTRACT & PROCUREMENT	\$13,095,553.93	11

**DOL Identified Special Interest Categories**

<b>PSC</b>	<b>Product or Service Description</b>	<b>FY 2018 Spend</b>	<b># of Contracts</b>
R699	SUPPORT-ADMINISTRATIVE: OTHER	\$20,517,482.20	22
R799	SUPPORT-MANAGEMENT:OTHER	\$38,310,135.27	9
R499	SUPPORT-PROFESSIONAL: OTHER	\$315,216,634.86	161

**II. Analysis of FY 2017 Service Contract Inventories****Methodology**

The OCPO based its evaluation upon an examination of awarded actions and supplemental information received from DOL Contracting Officer's Representatives (CORs), Contracting Officers (COs) and Program Managers (PMs). Contracts were reviewed to ensure that contractors were not performing inherently governmental functions, to identify any personal services contracts, and to examine services that were performed that were closely associated with

Inherently governmental functions to ensure the proper balance of federal and contractor employees.

**DOL's Contracts Reviewed**

<b>PSC</b>	<b>Product or Service Description</b>	<b>Obligation Amount of Contracts Reviewed</b>	<b>% of Total FY 2017 Spend Reviewed</b>	<b>Total Number of Contracts</b>
R707	MGT SVCS/CONTRACT & PROCUREMENT	\$6,570,245	100%	8
R497	PERSONAL SERVICES CONTRACTS	\$7,453,919	100%	16
D408	PROGRAM MANAGEMENT/SUPPORT SERVICES	\$43,963,848	100%	28
M1CZ	OPEROF OTHER EDUCATIONAL BLDG	\$274,944,966.00	14%	7
U006	EDUCATION/TRAINING-VOCATIONAL/TECHNICAL	\$146,505,913.00	49%	8
R499	SUPPORT-PROFESSIONAL: OTHER	\$7,055,215.29	2%	6
D318	IT AND TELECOM-OTHER IT AND TELECOMMUNICATIONS	\$6,321,203.77	4%	13

**Findings**

As a result of the analysis conducted, the OCPO made the following findings:

1. DOL is in compliance with FAR Part 37.104, with no contracts awarded for personal services. The sixteen (16) actions coded as personal services were analyzed and found to have been miscoded. Under the oversight of the OCPO, the 16 actions were corrected by the awarding Contracting Officers in FPDS-NG.
2. Some services provided by DOL contractors (whether commercial or not) have been identified and are considered "closely associated" with inherently governmental functions and/or "mission critical." Even so, this was determined to not be problematic because DOL has sufficient internal resources to oversee these contracts effectively to ensure that DOL maintains control of its mission.

3. DOL did not enter into contracts for inherently governmental work and DOL's CORs are trained to ensure that contractors do not inadvertently assume inherently governmental functions during contract performance.

### **Actions Taken/Planned to Address Weaknesses/Challenges**

The OCPO has issued policy and guidance to increase accountability of COs, PMs, and CORs to reinforce integrity in contract administration. The OCPO also requires that its PMs, COs, and CORs be properly certified to better manage performance risk for contracts they oversee. The certification requirements, along with on-the-job training, assures that DOL's acquisition workforce is capable of managing and overseeing contract administration. In addition, greater emphasis is being placed on acquisition planning and preparation, administering less high risk contract types, and utilizing Performance-Based Service Acquisition to help reduce high risk contracts to the maximum extent practicable.

Additionally, the OCPO provides weekly, in-house training to its acquisition workforce on important procurement related topics. In 2018 OCPO provided a training session on personal service contracts and inherently governmental functions. The DOL will continue to provide similar training in the future.

Lastly, the OCPO oversees a bi-weekly meeting of a DOL Procurement Council, wherein the Heads of Contracting Activities are required to attend to discuss issues facing the DOL acquisition community. The OCPO will continue to use the Procurement Council to discuss ways in which DOL's acquisition workforce can properly oversee and manage its service contracts.

### **Accountable Officials**

- Jillian Matz- Director, OCPO, Office of Procurement Policy
- Ngozi Ofili- Procurement Analyst, OCPO, Office of Procurement Policy

U.S. Department of Labor  
Fiscal Year 2018  
Service Contract Inventory  
Plan for Analysis

**Department of Labor  
Fiscal Year 2018 Service Contract Inventory  
Plan for Analysis**

As the Department of Labor (DOL) gets ready to perform its Fiscal Year (FY) 2018 contract inventory and analysis, it will incorporate lessons learned from the FY 2017 inventory and apply them to the upcoming inventory.

DOL will develop a basic inventory in accordance with OMB guidance using Federal Procurement Data System Next Generation (FPDS-NG) data to address requirements consistent with the Consolidated Appropriations Act and collect additional data through interviews in order to gather supplemental contract data in response to the criteria required by Section 743.

**Special Interest Functions**

The Product Service Codes (PSCs) selected focused on Special Interest Functions in two areas:

1. Office of Management and Budget (OMB) Special Interest Functions - based on PSCs designated by OMB's Office of Federal Procurement Policy (OFPP) as being of high risk; and
2. DOL Special Interest Categories - DOL identified specific PSCs with high dollar/high risk awards.

**OMB Special Interest Functions**

<b>PSC</b>	<b>Product or Service Description</b>	<b>FY 2018 Spend</b>	<b># of Contracts</b>
D302	ADP SYSTEMS DEVELOPMENT SVCS	\$20,467,427.86	3
D307	AUTOMATED INFO SYSTEM SVCS	\$7,593,003.10	3
D310	ADP BACKUP & SECURITY SERVICES	\$19,646,092 .28	4
D314	ADP ACQUISITION SUP SVCS	\$258,098.34	1
R408	PROGRAM MANAGEMENT/SUPPORT SERVICES	\$70,288 ,499.45	26
R423	INTEL LIGENCE SERVICES	0	0
R425	ENGINEERING AND TECHNICAL SER	\$824,241.60	1
R497	PERSONAL SERVICES CONTRACTS	\$17,413,704.13	13
R707	MGT SVCS/CONTRACT & PROCUREMENT	\$13,095,553.93	11

**DOL's Special Interest Categories**

<b>PSC</b>	<b>Product or Service Description</b>	<b>FY 2018 Spend</b>	<b># of Contracts</b>
R699	SUPPORT-ADMINISTRATIVE: OTHER	\$20,517,482.20	22
R799	SUPPORT-MANAGEMENT:OTHER	\$38,310,135.27	9
R499	SUPPORT-PROFESSIONAL: OTHER	\$315,216,634.86	161

DOL will take the following steps in the process of its analysis:

- Crosswalk the data with DOL's contractor inventory and FPDS data.
- Develop a selection criteria to identify contracts for in-depth review. Based on the criteria identified within the Consolidated Appropriations Act, DOL will prioritize its selection of contracts for further review in the following order:
  - Potential for inherently governmental performance by contractors;
  - Contracts providing services classified as special interest functions; and
  - Contracts that do not include special interest functions , but were awarded on a non-competitive basis, considered high risk/high spending or meet any one of the remaining designated criteria.