

**Social Security Administration
Service Contract Inventory (SCI)**

**Fiscal Year (FY) 2017 SCI Analysis Report
FY 2018 SCI Analysis Plan**

March 2019

FY 2017 SCI Analysis Report

Background

The Consolidated Appropriations Act, 2010, Public Law 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 if rebalancing is necessary. The Office of Management and Budget's (OMB) *Service Contract Inventories* (SCI) memorandum dated December 19, 2011, provides guidance for developing the SCI and analysis. As required, we completed our fiscal year (FY) 2016 analysis and posted it on our website at <http://www.ssa.gov/sci/>.

A. Scope

Our Office of Acquisition and Grants (OAG) conducted an analysis of its SCI to determine if our agency is using service contracts in an appropriate and effective manner, and if the mix of Federal employees and contractors in the agency is effectively balanced. OMB classified contract functions by Product Service Codes (PSC) and identified a number of PSCs as being "Special Interest Functions" based on the nature of the work performed.

In compliance with OMB guidance and after considering multiple contract functions, we selected the following PSCs from the FY 2017 SCI.

PSC	FY 2017 Obligations	Number of Contracts
R425 SUPPORT- PROFESSIONAL: ENGINEERING/TECHNICAL	\$1,056,180.80	1

Each contract selected for analysis was awarded as a result of Full and Open Competition. Each contract type is Cost, Plus Fixed Fee. Under these contracts, contractors make no representation as Government employees, nor do they make any fiduciary decisions concerning participation eligibility under the grants. The total value of the contracts studied under this PSC totals \$1,056,180.80 and represents approximately 0.9 percent of all agency contract expenditures for FY 2017 (\$1,177,072,157.95).

B. Methodology

A senior Contracting Officer (CO) in OAG reviewed all of the specific contract files under study to understand the nature of the work being performed and conducted telephone interviews with the cognizant COs and Contracting Officer Technical Representatives for the contracts. The responses given in the interviews and the findings of the senior CO indicate that our agency takes

appropriate steps to guard against improper reliance or overreliance on contractors, as well as ensure that contract performance is satisfactory.

In accordance with OMB's guidance, our review covered the following six items to ensure:

1. Each personal service contract in the inventory has been entered into, and is being performed, in accordance with applicable laws and regulations;
2. The agency provides special management attention to functions closely associated with inherently governmental functions, in accordance with Federal Acquisition Regulations 37.114;
3. The agency is not using contractor personnel to perform inherently governmental functions;
4. The agency has specific safeguards in place to ensure that work performed by contractors has not changed or expanded during performance to become an inherently governmental function;
5. 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; and
6. There are sufficient internal agency resources to manage and oversee contracts effectively.

To ensure compliance with the Consolidated Appropriations Act, 2010, our review also included the following questions:

- Has the function been performed by Federal employees in the last 10 years?
- Did we award the contract on a non-competitive basis?
- Has the contractor performed poorly as determined by a CO?
- Is this contract cost effective?

In addition, our agency follows the following practices.

- Prior to awarding contracts, the contracting office reviewed the requirements to ensure that unauthorized personal services contracts or inherently governmental functions were not included in the purchase request.
- Our agency requires a certified Contracting Officer's Representative (COR) to be identified and assigned to each contract. Throughout the life of the contract, the COR continually monitors and evaluates performance, ensuring both that the services are completed in accordance with the terms of the contract and that the performance of service does not put the government at risk of overreliance.

C. Findings

OAG has determined that the service contract employees performing under these contracts are not performing any Inherently Governmental Functions, any Functions Closely Associated to Inherently Governmental Function, or any Critical Functions.

Furthermore, it has been determined that for each of the contracts analyzed, our agency has sufficient internal agency resources to manage and oversee each of the contracts effectively.

The chart below summarizes the input of the COs and CORs on each of the specific responsibilities outlined in section 743(e)(2), which lays out the specific areas agencies are to consider in conjunction with reviewing their SCI.

§ 743(e) Review Responsibilities	Review Results
(i) Each contract in the inventory that is a personal services contract has been entered into, and is being performed, in accordance with applicable laws and regulations.	<i>None of the contracts include personal services.</i>
(ii) The agency is giving special management attention, as set forth in FAR 37.114, to functions that are closely associated with inherently governmental functions.	<i>None of the contractors are performing closely associated with inherently governmental functions.</i>
(iii) The agency is not using contractor employees to perform inherently governmental functions.	<i>Contractors are not performing inherently governmental functions.</i>
(iv) 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 inherently governmental function.	<i>Each contract is assigned a certified COR, who continuously reviews and monitors contractor performance to ensure that mission creep does not occur.</i>
(v) 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.	<i>While contractors do perform critical functions, our agency has concluded that it has sufficient internal expertise both to maintain control of its operations and to manage the contractors that are supporting the Federal employees.</i>
(vi) There are sufficient internal agency resources to manage and oversee contracts effectively.	<i>Our staff members have sufficient internal expertise of information technology processes and software engineering to oversee and manage these contracts.</i>

D. Actions Taken or Planned

Consistent with the findings, we determined no insourcing of work was necessary. Our agency will continue to carefully manage and monitor its contracted work in accordance with law,

regulation, and policy, including the new guidance set forth in OFPP Letter 11-01¹, which addresses the performance and management of inherently governmental and critical functions to maintain the right balance between Federal employees and contractors.

In our previous reviews, we have not identified contract issues requiring corrective actions.

E. Accountable Officials

Senior agency management official accountable for the development of agency policies, procedures, and training associated with OFPP Policy Letter 11-01 addressing the performance of inherently governmental and critical functions.	Michelle King Deputy Commissioner, Office of Budget, Finance, and Management
Official responsible for ensuring appropriate internal management attention is given to the development and analysis of service contract inventories.	Seth Binstock Associate Commissioner, Office of Acquisition and Grants

¹ OFPP Policy Letter 11-01, Performance of Inherently Governmental and Critical Functions, is available at <https://www.gpo.gov/fdsys/pkg/FR-2011-09-12/pdf/2011-23165.pdf>.

FY 2018 SCI Analysis Plan

Our agency has selected the following PSC from its FY 2018 SCI for analysis as required by OMB memorandum entitled SCI, dated December 19, 2011.

PSC	FY 2018 Obligations	Number of Contracts	Percentage of FY 2018 Agency Obligations
R408	\$44,465,489.75	3 <ul style="list-style-type: none"> • 28321317FDX030117 • SS001730103 • SS001560057 	3.028%

We selected the PSC for analysis based on the criteria below:

- We considered PSCs within the OMB identified special interest functions.
- The cumulative dollar value of obligations within these special interest functions.

We recognize that we have analyzed contracts under this product service code (R408- Support/ Professional: Program Management Support) previously in our SCI. We have chosen this PSC again because within our SCI there are only three PSCs that appear on OMB’s Special Interest Functions List. The other two PSCs, when combined, reflect well less than 1 percent of our agency’s total FY 2018 obligations. Those PSCs (and their respective cumulative FY 2018 obligations) are as follows:

PSC	FY 2018 Obligations	Number of Contracts	Percentage of FY 2018 Agency Obligations
R408	\$44,465,489.75	3	3.028%
D314	\$1,899,526.60	1	0.129%
R423	\$8,789,804.82	2	0.599%

Note: Our agency’s FY 2018 obligations, under all Product Service Codes listed in the SCI, totaled: \$1,468,279,549.57