

**Department of Housing and Urban Development
Analysis of Fiscal Year (FY) 2011 Service Contract Inventory**

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 if rebalancing may be required.

Scope: This analysis is submitted in accordance with Section 743 of Division C of the FY 2010 Consolidated Appropriations Act (P.L. 111-117) and the Office of Federal Procurement Policy Memorandum entitled “Service Contract Inventories” dated December 19, 2011. The Office of the Chief Procurement Officer (OCPO), Department of Housing and Urban Development (HUD) selected the following special Product or Service Code (PSC) functions from its FY 2011 service contract inventory to be evaluated:

Table 1: FY11 Service Inventory

PSC	Special Interest PSC Description	FY 2011 Dollars Obligated	% Total Obligations
D302	ADP SYSTEMS DEVELOPMENT SERVICES	\$7,013,43	0.41%
D307	AUTOMATED INFORMATION SYSTEM SVCS	\$83,408,610	4.82%
D314	ADP ACQUISITION SUP SVCS	\$60,635	0.01%
R425	ENGINEERING AND TECHNICAL SERVICES	\$1,102,096	0.06%
R407	PROGRAM EVALUATION SERVICES	\$47,527,278	2.75%
R499	SUPPORT- PROFESSIONAL: OTHER	\$98,528,296	5.70%

The first five PSCs were initially selected for analysis from HUD’s FY 2011 inventory because they were not included in the analysis of HUD’s FY 2010 Service Contract Inventory and they represent an area of risk within OCPO. Per its planned analysis, HUD combined the service contract inventory review with the Procurement Management Review (PMR) of 2011 acquisitions. PSC Code 499 (Other Professional Services) was added because it was inadvertently left off the original planned analysis submission and yet it poses a high risk category under which inherently governmental services might be acquired and it represents one of the categories with the biggest percentage of obligations for HUD.

The total population for review was identified as follows:

A population representing service contracts to other than small business was selected for the PMR. The PMR was limited in scope to the following OCPO contract operation locations:

- Philadelphia Contracting Office, Operations Branch;
- Chicago Contracting Office, Operations Branch; and
- OCPO Headquarters, Community Services/Housing Support Division (NPR) and Management Support Division (NOA), Washington DC.

Methodology: All contracts for the above identified PSC codes that appeared in the PMR population were reviewed for the 2011 Service Contract Inventory. This resulted in twenty-two discrete contracts and five modifications being reviewed.

The timeframe for the population was between the periods of October 1, 2010 through December 31, 2011. The confidence level was 100%. For this review, the OCPO PMR Team performed full reviews of the tasks annotated in the Statement of Work (SOW) and or Performance-based Work Statement (PWS) and compared them against Federal Acquisition Regulation (FAR) Subpart 7.5 to determine if contractors were performing inherently governmental functions. Additionally, the PMR Team posed interview questions of the acquisition staff specifically geared towards inherently governmental activities.

Findings: The findings indicated that there were no contracts awarded for the identified PSC Codes that contained inherently governmental functions.

Actions taken or planned: While HUD effectively met the requirements for the Service Contract Inventory, the Department intends, in future, to conduct this initiative outside of any other oversight activities such as the PMRs.

HUD Point of Contact: If you have any questions, please contact Mr. David Blocker, Deputy Assistant Chief Procurement Officer, Office of Policy, Systems and Risk Management, at (202) 402-6907, or at david.s.blocker@hud.gov.