



**Homeland
Security**

Analysis of Department of Homeland Security (DHS)

FY 2019 Service Contract Inventory

&

FY 2020 Planned Analysis

Table of Contents

| | |
|---|---|
| I. Introduction | 3 |
| II. Scope..... | 3 |
| III. Methodology | 4 |
| IV. Findings..... | 5 |
| V. Explanation of Actions Taken or Planned to Resolve Weaknesses..... | 5 |
| VI. New Data Review Exercise..... | 5 |
| VII. FY 2020 Planned Analysis of Service Contract Inventory..... | 6 |
| VIII. Responsible Official..... | 7 |

I. Introduction

Section 743 of Division C, of the Fiscal Year (FY) 2010 Consolidated Appropriations Act, Pub. L. 111-117 requires civilian agencies to prepare an annual inventory of their service contracts. The Office of Management and Budget (OMB), Office of Federal Procurement Policy (OFPP), issued a notice to Chief Acquisition Officers and Senior Procurement Executives on October 13, 2020 to provide guidance to Federal agencies on preparing their FY 2019 Service Contract Inventory analysis. This report provides information on DHS service contracts, in accordance with implementing guidance contained in the OMB notice.

II. Scope

For the FY 2019 Service Contract Inventory analysis, DHS evaluated a random sample of proposed requirements for services valued at greater than or equal to the simplified acquisition threshold (SAT). The sample included requirements that fall under the 17 Product and Service Codes (PSCs) identified as DHS' Special Interest Functions (SIF), which are shown in the following chart. The Department adopted a subset of codes previously recommended by OMB and added two additional codes for functions identified as critical which makes up the DHS SIF List.

DHS SPECIAL INTEREST FUNCTIONS (SIFs)

| PSC | DESCRIPTION OF FUNCTION |
|---|--|
| Special Studies/Analysis — Not Research & Development (R&D) | |
| B505 | Special Studies/Cost Benefit Analyses |
| Professional/Administrative/Management Support Services | |
| R406 | Policy Review/Development Services |
| R408 | Program Management/Support Services |
| R410 | Program Evaluation/Review/Development Services |
| R413 | Specifications Development Service |
| R423 | Intelligence Services |
| R425 | Engineering and Technical Support Services |
| R497 | Personal Services Contracts |
| R499 | Other Professional Support Services |
| R699 | Other Administrative Support Services |
| R707 | Contract/Procurement/Acquisition Support |
| R799 | Other Management Support Services |
| Information Technology Support Services | |
| D302 | IT & Telecom Systems Development Services |
| D307 | IT & Telecom – IT Strategy and Architecture |
| D310 | IT & Telecom – Cyber Security & Data Back-up |
| D314 | IT & Telecom – System Acquisition Support |
| D399 | IT & Telecom – Other IT & Telecommunications |

The following chart shows the total value of all newly awarded service contracts for FY 2019 by SIF.

| PSC | Number of Contracts FY 2019 | Total Dollars Obligated for FY 2019 | Total Base and All Options Value (Total Contract Value) |
|--------------------|-----------------------------|-------------------------------------|---|
| D302 | 67 | \$186,591,043.88 | \$407,440,964.13 |
| D307 | 30 | \$106,685,357.64 | \$2,417,011,691.65 |
| D310 | 22 | \$15,935,982.21 | \$94,191,355.83 |
| D314 | 3 | \$5,933,841.29 | \$36,021,316.98 |
| D399 | 160 | \$401,515,981.59 | \$1,656,594,730.76 |
| R406 | 2 | \$1,279,900.19 | \$4,460,771.96 |
| R408 | 178 | \$281,876,143.36 | \$3,057,654,690.77 |
| R410 | 13 | \$16,761,894.60 | \$36,706,918.42 |
| R413 | 1 | \$349,937.52 | \$349,937.52 |
| R423 | 3 | \$3,025,096.50 | \$9,879,812.00 |
| R425 | 68 | \$125,229,946.23 | \$276,287,072.50 |
| R497 | 1 | \$8,284,579.96 | \$25,273,844.00 |
| R499 | 102 | \$146,228,522.78 | \$454,966,790.83 |
| R699 | 53 | \$96,460,171.56 | \$577,125,351.87 |
| R707 | 29 | \$23,225,047.50 | \$132,550,527.56 |
| R799 | 32 | \$71,557,032.13 | \$311,799,236.99 |
| Grand Total | 764 | \$1,490,940,478.94 | \$9,498,315,013.77 |

III. Methodology

In 2010, DHS established the Balanced Workforce Strategy (BWS) program to support the analysis of DHS proposed requirements for services prior to solicitation except for those requirements in select PSCs that were designated on the PSC Exemption List. On March 22, 2019, DHS discontinued the BWS and the use of the Balanced Workforce Assessment Tool (BWAT). Requirements officials are now required to analyze proposed services over the SAT using the Inherently Governmental and Critical Functions Analysis job aid. The Department based this report on data from current BWAT analyses or data from an Inherently Governmental and Critical Functions Analysis job aid.

The DHS contracting activities were tasked by the Office of the Chief Procurement Officer (OCPO) to review a sample of 10 contracts whose PSCs fall under the SIF List and address the following questions:

- a) Are any of the service provided under this contract inherently governmental functions?
- b) Are any of the services provided under this contract closely associated with inherently governmental functions?
- c) If services provided under the contract are closely associated with inherently governmental functions, is the mitigation strategy documented to ensure special

management attention and enhanced oversight of closely associated with inherently governmental functions happens throughout the life of the contract?

- d) Is the agency using contractor employees under this contract to perform critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations?
- e) Are personal services being provided under the contract?

Each contracting activity conducted their assessment of the contracts within their purview and submitted their summary analysis to OCPO for compilation and analysis.

IV. Findings

- a) No contracts were identified that involved the performance of inherently governmental functions.
- b) Service contracts reviewed were found to contain adequate safeguards and monitoring systems to ensure that work performed by contractors did not become inherently governmental, and that there were sufficient internal resources available to effectively manage and oversee those contracts. A very small percentage of contracts reviewed did not have a completed BWAT analysis or Inherently Governmental and Critical Functions Analysis in the contract file.
- c) If services provided under the contracts reviewed were closely associated with inherently governmental functions, a mitigation strategy was documented to ensure special management attention and enhanced oversight of closely associated with inherently governmental functions happens throughout the life of the contract. In addition, DHS depends on its well-trained Contracting Officer Representatives (CORs) to advise contracting officers that contractors do not inadvertently assume inherently governmental functions during contract performance.
- d) No contracts were found to have contract employees performing critical functions in such a way that could affect DHS' ability to maintain control of its mission and operations.
- e) Personal services are not being provided under the contracts.

V. Explanation of Actions Taken or Planned to Resolve Weaknesses

DHS is committed to continued improvements in how the Agency oversees service contracts. OCPO updated the Inherently Governmental and Critical Functions Analysis job aid in January 2020 as a result of recommendations from the Government Accountability Office (GAO) Audit Report: GAO-20-417 "DHS Service Contracts." These revisions will help ensure that service contracts are managed effectively and that the potential for performing inherently governmental functions is avoided.

VI. New Data Review Exercise

Based on the data collected during the FY 2019 reporting cycle, OMB calculated dollars per hour for service contracts in the FY 2019 government-wide inventory and created a list of contracts with a calculated rate of \$500 per hour or more. DHS completed its review of the list of contracts that appear to have a rate of \$500 or more per hour. Out of this list, DHS reviewed a sample that included the top 10 highest dollar contracts.

| # | Contracting Agency Name | PIID | Total Dollar Amount Invoiced | Total Contractor Hours Invoiced (Prime + Subs) | Calculated Average Hourly Rate (\$/Hr) |
|----|--|-------------------|------------------------------|--|--|
| 1 | OFFICE OF PROCUREMENT OPERATIONS | 70RNPP18FR0000069 | \$ 43,715,213.06 | 2.5 | \$ 17,486,085.22 |
| 2 | U.S. CUSTOMS AND BORDER PROTECTION | 70B06C18F00000672 | \$ 4,962,907.25 | 1 | \$ 4,962,907.25 |
| 3 | U.S. CUSTOMS AND BORDER PROTECTION | HSBP1014J00306 | \$ 2,852,874.00 | 1 | \$ 2,852,874.00 |
| 4 | U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT | 70CMSD18FC0000013 | \$ 2,142,957.10 | 1 | \$ 2,142,957.10 |
| 5 | U.S. CUSTOMS AND BORDER PROTECTION | 70B02C19P00000039 | \$ 722,061.00 | 0.5 | \$ 1,444,122.00 |
| 6 | U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT | 70CMSD19FC0000006 | \$ 1,278,122.55 | 1 | \$ 1,278,122.55 |
| 7 | U.S. CUSTOMS AND BORDER PROTECTION | 70B06C19F00000647 | \$ 441,009.50 | 1 | \$ 441,009.50 |
| 8 | U.S. CUSTOMS AND BORDER PROTECTION | 70B01C18F00000827 | \$ 437,922.25 | 1 | \$ 437,922.25 |
| 9 | OFFICE OF PROCUREMENT OPERATIONS | 70RTAC18FR0000089 | \$ 2,169,945.85 | 12.1 | \$ 179,334.37 |
| 10 | U.S. CUSTOMS AND BORDER PROTECTION | HSBP1017C00033 | \$ 707,944.98 | 5 | \$ 141,589.00 |

Below are the findings of our review:

- U.S. Customs and Border Protection (CBP): The hourly rates calculated for PIIDs 70B06C18F00000672, HSBP1014J00306, 70B02C19P00000039, 70B06C19F00000647, 70B01C18F00000827 and HSBP1017C00033 are incorrect because the task orders/contracts are for firm fixed price (FFP) services and the award of the work/services was not based on “hours”. CBP works closely with the contractors and has determined their pricing to be fair and reasonable under the FFP level of effort for the task order/contract period for the type of services being performed.
- U.S. Immigration and Customs Enforcement (ICE): The hourly rates for PIIDs 70CMSD18FC0000013 and 70CMSD19FC0000006 are incorrect because the contractor inaccurately entered data in the System for Award Management. The two orders are part of one program/requirement. The ICE contracting officer has committed to verifying other associated orders, checking in with the contractor during the service contract reporting period, and ensuring future data is not submitted inaccurately.
- Office of Procurement Operations (OPO): The hourly rate calculated for PIID 70RNPP18FR0000069 does not apply because the scope of the contract is for software licenses and not services. The hourly rate for PIID 70RTAC18FR0000089 is incorrect. OPO will conduct refresher training for contracting officers in the 2nd and 3rd quarter to reiterate the requirements of service contract reporting. In addition, OPO will conduct a quarterly audit to verify compliance and ensure data quality.

VII. FY 2020 Planned Analysis of Service Contract Inventory

For the FY 2020 Service Contract Inventory analysis, DHS will evaluate a random sample of proposed requirements for services valued at greater than or equal to the SAT. This sample will be comprised of requirements that fall under the 17 PSCs identified as DHS SIFs.

The DHS SIF List is identified under Section II – Scope of this report.

VIII. Responsible Official

Sarah Todd, Executive Director for Acquisition Policy & Legislation, Office of the Chief Procurement Officer