

April 26, 2018

Recommendation Memorandum

FROM	David Gragan, Assistant Director
TO	Kate Fulton, Acting Chief Operating Officer
SUBJECT	FY 2016 Service Contract Inventory Analysis and FY 2017 Planned Analysis

Recommendation(s)

I recommend that you approve the attached FY 2016 Service Contract Inventory Analysis and FY 2017 Planned Analysis for external publication in accordance with OMB guidance.

Background

Requirements: Civilian agencies are required to prepare and submit annual analyses of their service contracting as per Section 743 of Division C of the FY 2010 Consolidated Appropriations Act, P.L. 111-117. Additionally, the Executive Office of the President, Office of Management and Budget's memoranda dated 5 November 2010 and 19 December 2011 provides agencies with guidance for compliance regarding the:

- preparation of an annual inventory of their service contracts and
- analysis of the inventory to determine if the mix of Federal employees and contractors is effective or if rebalancing may be required.

Schedule and Publication: The Service Contract Inventory operates on a two-year schedule: after the close of each fiscal year, agencies collect data on service contracting and prepare a plan for detailed analysis. Execution of the plan is performed during the following fiscal year. Once approved, the analysis will be posted on the OMB MAX system. Following OMB's acceptance, the analysis, a summary, and plan will be posted at consumerfinance.gov/open and a Federal Register Notice will be published announcing their availability.

Attachments


Tab 1: Draft Decision Memorandum.

Tab 2: FY 2017 Service Contract Inventory Planned Analysis.

Tab 3: FY 2017 Service Contract Inventory Summary.

Tab 4: FY 2016 Service Contract Inventory Analysis.

Recommendation Memorandum for Decision Clearance Sheet

Subject/Document Title FY 2016 Service Contract Inventory Analysis and FY 2017 Planned Analysis		
Name of Document Owner Karen Morris	Office Procurement	Telephone Extension 59833
Approved by (name of Associate or Assistant Director) David Gragan		
Legal Division	Virginia Ackerman	2 April
Procurement	Caroline Coleman, Joshua Galicki	28 March
Ops FO		4/30/18
EA	(no comment)	2 April
Office	Name of Clearer	Date
Office	Name of Clearer	Date
Office	Name of Clearer	Date
Office	Name of Clearer	Date

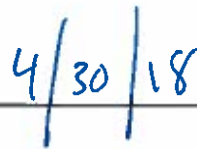
Decision Memorandum

FROM	Kate Fulton
TO	David Gragan
SUBJECT	FY 2016 Service Contract Inventory Analysis and FY 2017 Planned Analysis

I approve the Office of Procurement to publish the FY 2016 Service Contract Inventory Analysis and FY 2017 Planned Analysis.



Kate Fulton
Acting Chief Operations Officer
Bureau of Consumer Financial Protection



Date

Operations Daily Updates

(Date)

FY 2016 Service Contract Inventory Analysis and FY 2017 Planned Analysis

Civilian agencies are required to prepare and submit annual analyses of their service contracting as per Section 743 of Division C of the FY 2010 Consolidated Appropriations Act, Pub. L. 111-117, and the Executive Office of the President, Office of Management and Budget's (OMB) memoranda dated 05 November 2010 and 19 December 2011. In accordance with OMB guidance, an analysis of the selected Product and Service Codes for FY 2016 and selected codes for the FY 2017 will be published for OMB at MAX.gov and subsequently for the public at consumerfinance.gov.



1700 G Street, N.W., Washington, DC 20552

March 28, 2018

Memorandum for the Executive Office of the President, Office of Management and Budget, Office of Federal Procurement Policy

FROM	David P. Gragan, Senior Procurement Executive, Bureau of Consumer Financial Protection, Office of Procurement
SUBJECT	Service Contract Inventory – FY 2017 Service Contract Inventory and Planned Analysis and FY 2016 Service Contract Inventory Analysis

Section 743 of Division C of the FY 2010 Consolidated Appropriations Act, Pub. L. 111-117, and the Executive Office of the President, Office of Management and Budget's (OMB) memoranda dated 05 November 2010 and 19 December 2011 on "Service Contract Inventories" require civilian agencies to submit data on an annual basis with respect to service contract inventories, as follows¹:

- 1) An analysis of FY 2016 inventory,
- 2) Planned analysis of selected Product Service Codes (PSC) for FY 2017 (analysis to be completed in FY 2018).

The purpose of this memorandum is to identify the FY 2017 service contract inventory and BCFP-specific special interest functions planned for analysis in FY 2018, and the FY 2016 service contract inventory analysis.

Attachment 1 is a summary report of the BCFP's ten largest service contract obligations and special interest functions as identified by OMB. No additional special interest functions were identified by the BCFP that are not already listed on the summary report.

¹ See also, Sept. 20, 2016 memo on "FY 2016 Service Contract Inventories" from Anne Rung, Administrator for Federal Procurement Policy.

Table 1 identifies special interest functions from the BCFP's FY 2017 inventory which will be the subject of a focused analysis in FY 2018.

TABLE 1: FY 2017 SPECIAL INTEREST FUNCTIONS FOR ANALYSIS IN FY 2018

Product Service Code (PSC)	PSC Description	FY 2016 Obligation \$	% Total Obligations
R410	Support – Professional: Program Evaluation/Review/Development	\$10,239,697	7%
D307	IT and Telecom – IT Strategy and Architecture	\$6,686,314	4%

These two PSCs were chosen because they both fall in the top ten PSCs by obligation for the Bureau during the reporting period, and neither one has been previously analyzed in the Service Contract Inventory. In addition, D307 is one of the PSCs that OMB has identified for Special Interest.

In FY 2017, the BCFP incurred obligations for four additional OMB-identified special interest functions – D302, R408, R423, and R707 – as shown in Attachment 1. Two of these (D302 and R408) also appear among the top ten PSCs by obligation and may be considered for analysis in a future report.

As part of the FY 2017 inventory analysis, the BCFP will monitor/evaluate contracted services to determine whether contractor personnel perform critical agency functions that could affect the BCFP's ability to maintain control of its mission and operations.

Attachment 2 is the FY 2016 Service Contract Inventory Analysis.

Questions regarding this memorandum may be referred to Joshua Galicki (email: Joshua.Galicki@cfpb.gov or Karen Morris (email: Karen.Morris@cfpb.gov).

Enclosure(s)

Attachment 1: FY 2017 Service Contract Inventory Summary

Attachment 2: FY 2016 Service Contract Inventory Analysis

BCFP FY 2017 Service Contract Inventory Summary

Top PSCs by Obligation

Product Service Code	Product Service Description	FY 2017 Obligated Dollars	% of Total Obligated Dollars
D399	IT and Telecom - Other	\$ 21,613,855	15%
R701	Support - Management: Advertising	\$ 16,015,449	11%
R408	Support - Professional: Program Management/Support	\$ 10,720,664	7%
R410	Support - Professional: Program Evaluation/Review/Development	\$ 10,239,697	7%
D302	IT and Telecom - Systems Development	\$ 9,205,501	6%
U009	Education/Training - General	\$ 8,119,690	5%
Z2AA	Repair or Alteration of Office Buildings	\$ 7,453,796	5%
D318	IT and Telecom - Integrated Hardware/Software/Services Solutions	\$ 7,440,533	5%
D321	IT and Telecom - Help Desk	\$ 6,946,774	5%
D307	IT and Telecom - IT Strategy and Architecture	\$ 6,686,314	4%

OMB Special Interest PSCs

Product Service Code	Product Service Description	FY 2017 Obligated Dollars	% of Total Obligated Dollars
B505	Cost Benefit	\$ -	
D302	IT and Telecom- Systems Development	(see above)	
D307	IT and Telecom- It Strategy and Architecture	(see above)	
D310	Cyber Security and Data Backup	\$ -	
D314	System Acquisition Support	\$ -	
R406	Policy Review/Development	\$ -	
R407	Program Evaluation Services	\$ -	
R408	Support- Professional: Program Management/Support	(see above)	
R409	Program Review/Development Services	\$ -	
R413	Specifications Development	\$ -	
R414	Systems Engineering	\$ -	
R423	Intelligence	\$ 56,621	0%
R425	Engineering/Technical	\$ -	
R497	Personal Services Contracts	\$ -	
R707	Contract/Procurement/Acquisition Support	\$ 188,864	0%

FY 2016 Service Contract Inventory Analysis

Office of Procurement, Bureau of Consumer Financial Protection
1700 G St NW, Washington DC

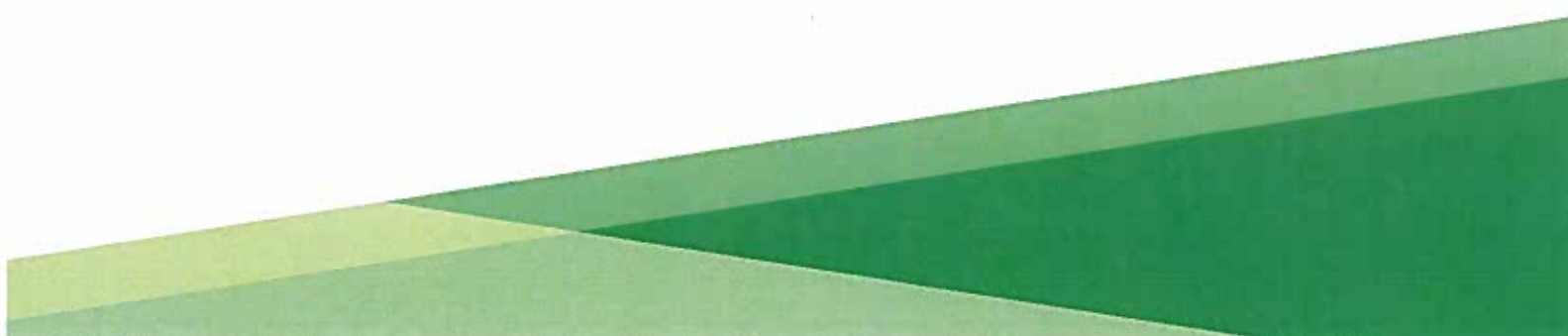


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1. Introduction

The Bureau of Consumer Financial Protection (BCFP or Bureau), was established on July 21, 2010 under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act Public Law No. 111-203 (Dodd-Frank Act). The BCFP was established as an independent bureau within the Federal Reserve System. The Bureau is an Executive agency as defined in Section 105 of Title 5, United States Code.

The Dodd-Frank Act authorizes the BCFP to exercise its authorities to ensure that, with respect to consumer financial products and services:

1. Consumers are provided with timely and understandable information to make responsible decisions about financial transactions
2. Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination
3. Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens
4. Federal consumer financial law is enforced consistently in order to promote fair competition, and
5. Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

The Bureau has continued its efforts to listen and respond to consumers and industry, to be a resource for the American consumer, and to develop into a great institution worthy of the responsibility Congress has conferred on it.

The BCFP's Office of Procurement is committed to enhancing transparency and ensuring proper financial stewardship throughout the acquisition lifecycle. To achieve this, the Bureau's Office of Procurement has prepared this report as instructed by Section 743 of Division C of the FY 2010 Consolidated Appropriations Act, Public Law (P.L.) 111-117. The goal of the report is to

analyze its service contract inventory to determine if the mix of Federal employees and contractors is effective.

1.1 Background

According to the Office of Management and Budget (OMB), agencies shall conduct a meaningful analysis of the data in their service contract inventory for the purposes of determining if contract labor is being used in an appropriate and effective manner, and if the mix of Federal employees and contractors in the Bureau is effectively balanced. The analysis shall cover the elements called for in the Consolidated Appropriations Act, 2010, Division C, Title VII §743(e)(2) and include any agency findings, actions taken or planned by the agency to address any identified weaknesses or challenges, and a description of the methodology used by the agency to support its analysis. In carrying out these actions, agencies should review OMB Memorandum M-09-26, Public Law 111-8, and the Office of Federal Procurement Policy (OFPP) Policy Letter 11-01. Agencies shall post their analysis in the OMB MAX system once completed.

1.2 Scope of Analysis

The Office of Procurement staff has analyzed the Bureau’s service contract inventory from FY 2016 to validate program requirements, including appropriate contract use and effectiveness, to determine if the mix of Federal employees and service contractors is balanced. Table 1 identifies Product Service Codes (PSCs) selected by the Office of Procurement. The analysis includes all service contract awards against selected PSCs exceeding \$25,000 and funded by the Bureau in FY 2016.

TABLE 1: BCFP PRODUCT SERVICE CODES

PSC	PSC Description	FY 2016 Obligation Dollars	Representative Contract Actions
D399	IT and Telecom – Other IT and Communications	\$33,193,871	19
R701	Support – Management: Advertising	\$15,657,018	12
R711	Support – Management: Banking	\$2,819,504	12

Two of the top three PSCs by obligation for FY 2016 were chosen for FY 2015 analysis (D304 and C1AA) and so we have excluded those PSCs this year. We selected PSC D399 because it represents the single largest service contract PSC obligation for FY 2016, accounting for 17% of obligations. We also selected R701 and R711 since these PSCs fell within the top five by obligation and encompass key mission-critical functions unique to our agency: promoting awareness of our agency and the services we offer, and returning money directly to harmed consumers. After some adjustments to financial data after selecting and publishing these PSCs, R711 was found to have a lower total obligation than previously reported. However, due to the integral function of the services purchased thereunder and the commitment we made to analyze this PSC, we elected to include it in this report.

The review team has conducted a review of each contract for the PSCs identified in Table 1. Specifically, the Office of Procurement has analyzed the Service Contract Code (SCC) determination worksheets for each contract. Before a procurement action for services is awarded, the relevant BCFP program office is required to submit an SCC determination worksheet to the Office of Procurement and the Office of Human Capital (OHC). The Chief Human Capital Officer or designee reviews the scope of work and approves the worksheet, certifying that the action does not involve an inherently governmental function.

According to OFPP's Policy Letter 11-01, civilian agencies must reserve performance of certain work to Federal employees and guarantee sufficient management oversight over how contractors are used to support government operations. Furthermore, it is the responsibility of management to ensure that "as part of the acquisition planning, agencies shall confirm that the services procured do not include work that must be reserved for performance by Federal employees and that the agency will be able to manage the contractor consistent with its responsibility to perform all inherently governmental functions and maintain control of its mission and operations."¹ Thus, BCFP has created the SCC determination worksheet for completion for every contract for services over \$25,000 as part of its pre-award process. For the

¹ "Publication of the Office of Federal Procurement Policy (OFPP) Policy Letter 11-01, Performance of Inherently Governmental and Critical Functions", Federal Register, Monday, September 12, 2011, pg. 56238

analysis, the Office of Procurement has reviewed the SCC determination worksheets for the contract actions identified in FY 2016 under PSCs D399, R701, and R711.

1.3 Methodology

The Bureau’s scope of analysis is assessed by a use-case evaluation approach. The analysis is aimed at determining the following areas:

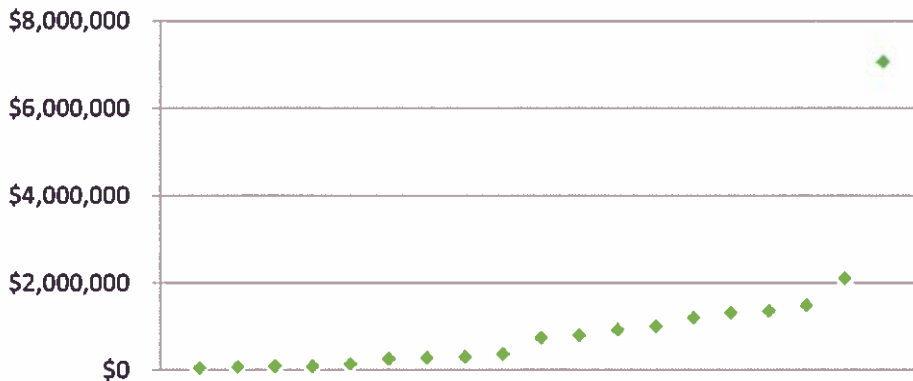
- a) Gauging if services are being used appropriately for the Bureau’s mission
- b) Ensuring Bureau service contracts are being provided with appropriate and sufficient oversight
- c) Identifying necessary improvements to the service-related acquisition practices of the Bureau

The below list details the data gathering elements collected by the review team:

- Contract files, including scopes of work
- Contract monitoring practices, mechanisms, and performance standards
- SCC determination worksheets

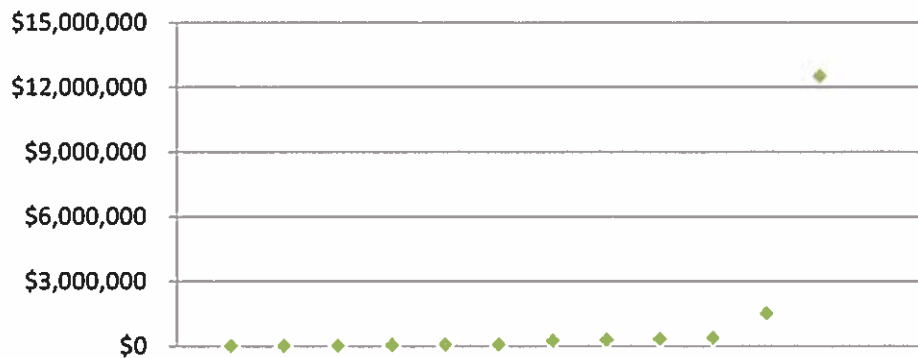
Figures 1-3 illustrate the obligation dollars for each relevant action by PSC.

FIGURE 1: PSC D399 – ACTION OBLIGATIONS



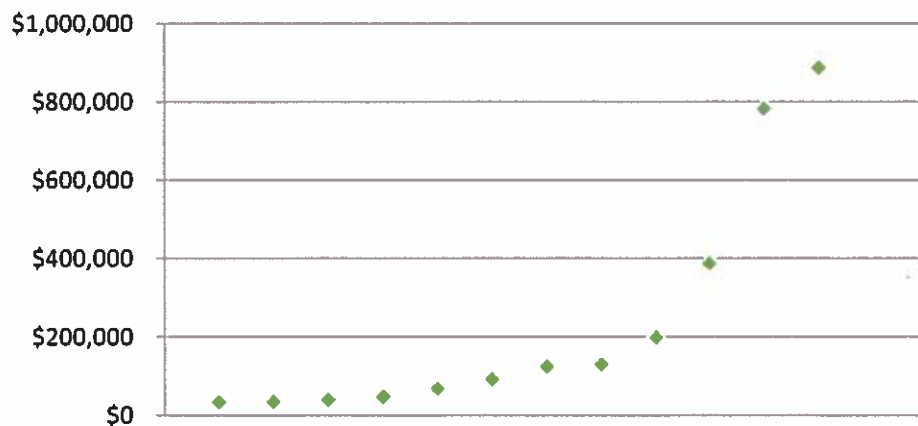
For PSC D399, the resultant 19 actions are depicted in Figure 1. The obligation dollars range in value from a low of \$53,000 to a high of \$7,076,182, with an average action obligation of \$1,030,511.

FIGURE 2: PSC R701 – ACTION OBLIGATIONS



For PSC R701, the resultant 12 actions are depicted in Figure 2. The obligation dollars range in value from a low of \$28,000 to a high of \$12,540,303 with an average action obligation of \$1,304,751.

FIGURE 3: PSC R711 – ACTION OBLIGATIONS



For PSC R711, the resultant 12 actions are depicted in Figure 3. The obligation dollars range in value from a low of \$32,733 to a high of \$887,910 with an average action obligation of \$234,959.

Tables 2-4, below, detail the relevant contract actions issued under each PSC.

TABLE 2: PSC D399 CONTRACT ACTION DETAILS

Vendor Name²	Description of Requirement	Action Obligation
VARIQ CORPORATION	CYBERSECURITY	\$53,000.00
SMARTRONIX, INC.	CLOUD INFRASTRUCTURE SYSTEM ADMINISTRATION	\$71,920.80
MCDASH ANALYTICS, LLC	SUBSCRIPTION	\$90,000.00
MCDASH ANALYTICS, LLC	SUBSCRIPTION	\$90,000.00
BLAST ANALYTICS & MARKETING, INC.	GOOGLE ANALYTICS PREMIUM	\$142,750.00
KNOWLEDGE CONSULTING GROUP	CYBERSECURITY	\$260,000.00
SMARTRONIX, INC.	CLOUD INFRASTRUCTURE SYSTEM ADMINISTRATION	\$276,276.00
GENERAL DYNAMICS INFORMATION TECHNOLOGY INCORPORATED	CYBERSECURITY	\$297,674.00
GREENZONE SOLUTIONS, INC.	DATA ANALYSIS	\$366,159.20
VARIQ CORPORATION	CYBERSECURITY	\$735,485.20
DELOITTE CONSULTING LLP	CYBERSECURITY	\$790,351.60
BOOZ ALLEN HAMILTON INC	CYBERSECURITY	\$920,868.48
SMARTRONIX, INC.	CLOUD INFRASTRUCTURE SYSTEM ADMINISTRATION	\$996,811.42
KNOWLEDGE CONSULTING GROUP	CYBERSECURITY	\$1,188,096.27
KNOWLEDGE CONSULTING GROUP	CYBERSECURITY	\$1,306,555.20
KNOWLEDGE CONSULTING GROUP	CYBERSECURITY	\$1,347,448.82
VARIQ CORPORATION	CYBERSECURITY	\$1,476,629.20
SMARTRONIX, INC.	CLOUD INFRASTRUCTURE SYSTEM ADMINISTRATION	\$2,093,500.00
SMARTRONIX, INC.	CLOUD INFRASTRUCTURE SYSTEM ADMINISTRATION	\$7,076,181.60

² Vendor names are displayed exactly as they are registered and appear in the Federal Procurement Data System (FPDS).

TABLE 3: PSC R701 CONTRACT ACTION DETAILS

Vendor Name	Description of Requirement	Action Obligation
TMP WORLDWIDE ADVERTISING AND COMMUNICATIONS LIMITED LIABILITY COMPANY	DIGITAL MEDIA SERVICES	\$28,000.00
INFORMATION EXPERTS INCORPORATED	INFOGRAPHIC AND RESOURCE GUIDE DEVELOPMENT	\$30,254.06
INFORMATION EXPERTS INCORPORATED	WORKPLACE FINANCIAL WELLNESS SUPPORT	\$31,977.00
INFORMATION EXPERTS INCORPORATED	CURRICULUM REVIEW TOOL MEDIA SUPPORT SERVICES	\$48,912.56
INFORMATION EXPERTS INCORPORATED	TAX TIME SAVINGS CAMPAIGN	\$88,843.12
INFORMATION EXPERTS INCORPORATED	TAX TIME SAVINGS CAMPAIGN	\$88,843.12
TMP WORLDWIDE ADVERTISING AND COMMUNICATIONS LIMITED LIABILITY COMPANY	DIGITAL MEDIA SERVICES	\$254,126.83
INFORMATION EXPERTS INCORPORATED	WORKPLACE FINANCIAL WELLNESS SUPPORT	\$299,977.42
INFORMATION EXPERTS INCORPORATED	PARENT'S INITIATIVE 2016	\$343,331.94
GMMB INC.	I IMPLEMENTATION OF THE PUBLIC INFO CAMPAIGN (FY '16)	\$399,733.39
GMMB INC.	PAID SEARCH MARKETING (FY'16)	\$1,502,714.74
GMMB INC.	MEDIA AND RESOURCE COMMUNICATIONS (FY'16)	\$12,540,303.49

TABLE 4: PSC R711 CONTRACT ACTION DETAILS

Vendor Name	Description of Requirement	Action Obligation
RUST CONSULTING INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$32,732.62
RUST CONSULTING INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$33,695.40
RUST CONSULTING INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$39,721.05
EPIQ CLASS ACTION & CLAIMS SOLUTIONS, INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$46,494.73
RUST CONSULTING INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$67,584.15
RUST CONSULTING INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$90,814.26
EPIQ CLASS ACTION & CLAIMS SOLUTIONS, INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$124,208.09
RUST CONSULTING INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$128,743.00
RUST CONSULTING INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$197,208.31
EPIQ CLASS ACTION & CLAIMS SOLUTIONS, INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$387,196.86
RUST CONSULTING INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$783,196.05
EPIQ CLASS ACTION & CLAIMS SOLUTIONS, INC.	3RD PARTY ADMINISTRATION AND REDISTRIBUTION OF FUNDS	\$887,909.96

2. Summary of Findings

In accordance with the Consolidated Appropriations Act, 2010, Division C, Title VII §743(e), the BCFP has ensured through its analysis that:

- The Bureau is giving special management attention to functions closely associated with inherently governmental functions
- The Bureau is not using contractor employees to perform inherently governmental functions
- The Bureau 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
- The Bureau is not using contractor employees to perform critical functions in a way that could affect the agency's ability to maintain control of its mission and operations
- There are sufficient internal agency resources to manage and oversee contracts effectively, and
- No contracts have been identified as poorly performed because of excessive costs or inferior quality.

2.1 PSC D399: IT and Telecom – Other IT and Communications

Product Service Code C1AA is selected for review because it makes up one of the highest percentages of overall BCFP service contract obligations. Nine vendors were responsible for these services:

- Blast Analytics & Marketing, Inc.
- Booz Allen Hamilton Inc.

February 2018

- Deloitte Consulting LLP
- General Dynamics Information Technology Incorporated
- Greenzone Solutions, Inc.
- Knowledge Consulting Group
- McDash Analytics, LLC
- Smartronix, Inc.
- Variq Corporation

McDash Analytics provided subscriptions to monthly House Price Index data. Blast Analytics provided subscriptions to Google Analytics Premium software. Both contracts included coverage for vendor employees to provide technical support services to Bureau employees using the products. These services are commercially available and rated as Other than Inherently Governmental. There is no possibility of the vendors or their employees performing inherently governmental work.

Several contracts were issued as multiple award Blanket Purchase Agreements (BPAs) for Cybersecurity Program and Analysis Support Services under which work would be ordered through the issuance of Calls (i.e., individual task orders). Specifically, in Fiscal Year 2013, contracts were awarded to Variq, Knowledge Consulting Group (“KCG”), and General Dynamics, and in Fiscal Year 16, another set of multiple BPA awards was made to Booz Allen Hamilton, Deloitte, and KCG. Generally speaking, the FY 16 contracts superseded the FY 13 contracts as the FY 13 BPAs and calls expired and new calls were placed under FY 16 BPAs. As a steward of sensitive information, the BCFP has fiduciary responsibility and requirements under applicable laws and regulations to protect and safeguard the information by instituting an information security program. These Cybersecurity contractors assist the BCFP in satisfying the demand for Cybersecurity services to secure infrastructure and applications; and to achieve and maintain information security compliance for the Bureau. In particular, these programs help BCFP comply with the E-Government Act and FISMA. Accordingly, Cybersecurity contracts have been rated as Critical Functions. The Director of Cybersecurity Operations, Chief Information Security Officer, and a Technology and Innovation Procurement Program Analyst, all Level II CORs, have overseen these contracts. The tasks performed on the Cybersecurity contracts include risk assessments, continuous threat monitoring, IT contingency planning, and security architecture and engineering. Each contract contained a detailed Statement of Work and list of deliverables. Contractors provided weekly and monthly status reports, as well as Plan of Action & Milestones reports. For the FY 2013 awards, contractors developed their own quality control

plans. For the FY 2016 awards, the Bureau increased the level of control and accountability with Quality Assurance Surveillance Plans including requirements for BCFP employees to perform 100% inspection on the majority of deliverables. The contractors were also required to comply with the Bureau's Information Security Program Policy. Generally, the contractors presented recommendations and proposals, and government employees exercised judgment and discretion. Performance reports indicated only one instance of a below-satisfactory rating across all the contracts, which related to staffing during a vendor's corporate ownership transition. The quality of service was consistently rated at Satisfactory or better levels.

Smartronix provided Cloud Infrastructure System Administration services via four calls under a BPA. These calls covered two major categories of services: design and implementation of the physical telecommunications infrastructure at the renovated BCFP headquarters, and administration and engineering of the overall BCFP digital environment. Both of these were classified as Critical functions, essential to the Bureau's daily operations. Level I and II CORs overseeing these contracts included Infrastructure and Systems Engineering team leads, and T&I acquisition analysts. The BPA setup and calls contained highly specified guidance on the contractor's tasks and performance, and required compliance with all applicable regulations and standards, such as NIST 800, FISMA, ANSI/TIA, and IEEE 81. The cabling contractors worked alongside the general construction contractors, with BCFP and GSA leads to coordinate and oversee the coordination of work. The systems administration teams were also subject to internal controls such as the Rules of Behavior, system access controls that require Bureau employee or manager approval, and the system change proposal and approval process for changes above a certain threshold. All these methods contributed to the Bureau's ability to maintain control over the functions of the agency and ensure only government employees performed inherently governmental functions. Performance reporting indicated that Smartronix performed at a Satisfactory or better level.

Greenzone provided Data Analysis support under a BPA call. The services included analytics of BCFP's web presence, as well as various areas of support to the management of the Data Governance program. Contractor staff assisted the Data Team with developing internal procedures and best practices regarding data governance, recommending process improvements, and maintaining a program of internal communications and training for all Bureau and contractor staff to understand the data governance policies. All materials developed by Greenzone staff were for internal use only and approved by government employees prior to deployment. The Statement of Work included a Quality Assurance Surveillance plan requiring 100% inspection of deliverables and both weekly and monthly status reports. The CORs

overseeing this contract were Level I and II certified, and more recently a Level III certified COR Advisor from the Office of Procurement has joined these CORs to further ensure a high level of control and detailed performance monitoring. Performance reports indicate Greenzone performed at a satisfactory level.

2.2 PSC R701: Support – Management: Advertising

Because the Bureau is a new agency to the Federal government and its mission includes supporting and responding to consumers, the Bureau identified a need to build awareness of our capabilities and services, and help consumers understand the availability and credibility of our tools. Accordingly, the Bureau has contracted for various marketing and advertising services. In FY 2016, three vendors provided these services: GMMB Inc. (GMMB), Information Experts Incorporated (Information Experts), and TMP Worldwide Advertising and Communications (TMP).

The Bureau entered into a Blanket Purchase Agreement (BPA) with GMMB in FY 2013 for advertising and marketing services and funded three calls under this BPA in FY 2016, classified as Closely Associated and Other Than Inherently Governmental functions. Two full-time Bureau employees oversee and served as CORs on marketing and advertising contracts. These individuals have extensive education and experience in the marketing field which allowed them to understand and effectively monitor all the functions the contractor performs, as well as Level I and Level II COR certification. They met with the vendor at least weekly to discuss status and performance of all ongoing tasks and approve each deliverable throughout the process. Generally, GMMB presented recommendations and plans, while Bureau employees exercise discretion and judgment. As is BCFP's current practice, all materials published on behalf of the bureau (including those the contractor develops) went through a clearance process involving multiple divisions and levels of Bureau employees. The contracts required GMMB to perform research prior to developing plans and weekly and monthly testing during media "flights" to ensure effectiveness of all media, using industry-standard technology. GMMB also met with publishers (including traditional media as well as web-based) to stay abreast of available media and pricing, and negotiate directly with publishers to purchase the approved media (billing the Bureau at cost). The contractor's position as a successful player in the advertising and marketing industry informed their ability to perform these functions much more efficiently and

effectively than would be possible for government employees. Performance reporting indicates that GMMB performed the work under these BPA calls to a satisfactory level or better.

The Bureau contracted with TMP for digital advertising of job opportunities. These services supported the Bureau's ongoing efforts to build a qualified, talented, and diverse workforce. The Bureau assigned recruiting staff with knowledge of modern recruitment methods and media to oversee this contract. The Statement of Work defined specific publishers and items that TMP should purchase on the Bureau's behalf. These services included "recruiter seats" that allowed Bureau employees to use online tools to connect with potential applicants in the marketplace. TMP also purchased "pay per click" advertising which ensures the Bureau only pays when ads are effective, incentivizing the vendor and publishers to provide a high quality of service. These recruitment tools are Closely Associated with personnel functions such as selection and non-selection for hiring, however, because the contractor only purchased Bureau-approved commercially available publishing services there was little to no risk of contractor staff performing inherently governmental functions.

Information Experts provided marketing services for several targeted areas of the Bureau's division of Consumer Education and Engagement. Tasks included research to maximize marketing effectiveness, promoting already-created materials to the target audience, and creating "white label" (unbranded) guides to existing educational materials. Information Experts also updated and delivered the annual "tax time savings" campaign. The Bureau found the time-sensitive nature of these projects sufficient to contract for the services even though they were classified as Closely Associated with inherently governmental functions. As with other marketing services, contractors presented plans and recommendations, while government employees exercised judgment and discretion. Level II and III CORs oversaw the performance of these services and approved all plans and deliverables before execution. In addition, all materials created for publication outside the Bureau, which would be seen by the public as coming from the Bureau, were subject to the extensive internal clearance process through several levels and divisions of government employees at the agency. CORs further maintained control over the work through monthly status meetings. Performance reports indicate that Information Experts performed at a Satisfactory or better level.

2.3 PSC R711: Support – Management: Banking

As stated in 12 CFR 1075, the Bureau maintains a Civil Penalty Fund “into which the...Bureau must deposit any civil penalty it obtains against any person in any judicial or administrative action under Federal consumer financial laws. Under the [Dodd-Frank] Act, funds in the Civil Penalty Fund may be used for payments to the victims of activities for which civil penalties have been imposed under Federal consumer financial laws.” Due to the administrative and logistical burden of carrying out these payments to consumers and the highly variable volume of work over time, the Bureau issued two indefinite-delivery, indefinite-quantity (“IDIQ”) contracts for Redress and Civil Penalty Fund Third Party Administration (“Redress”) services. Two vendors, Rust Consulting and Epiq Class Action & Claims Solutions Inc. won these contracts. The contracts are classified as Critical functions and Closely Associated with inherently governmental functions.

Each time the Bureau closed a matter resulting in payment into the Civil Penalty Fund, contracting staff issue a corresponding IDIQ order. Each order included a Statement of Work and Quality Assurance Surveillance Plan. Four full-time Bureau employees constituting the Governance & Compliance team oversaw and served as Level I and II CORs on all Redress awards. The CORs generally required approval of deliverables by direct, 100% review before the vendors could proceed, such as the distribution list and plan, and the closing package with final accounting and affidavit. The vendors provided weekly and monthly status reports, and the COR team met weekly with the dedicated Procurement team to discuss administration and performance. Bureau CORs completed on-site monitoring at the vendors’ locations. Interim performance reporting indicates that the vendors’ specialized expertise resulted in performance at satisfactory or better levels.

The Redress vendors provided support by mail, email, and phone to assist each victim with receiving the proper monies. In this task, the public might have perceived the vendors’ employees to be government employees. The Bureau mitigated this risk by providing the cover letters that vendors will send to consumers, and by approving the scripts for victim communications. Vendors were required to refer all communications that could not be answered via the script to the Bureau for government employees to address.

Since issuing the awards discussed here, the Bureau has re-competed this requirement and awarded IDIQ contracts to the two incumbents as well as two more vendors. Increasing competition for each IDIQ order in this way further incentivizes each vendor to provide the highest quality of service.

2.4 Analysis

The analysis is completed using the protocols and methods outlined in Section 1.3, with special attention given to answering the five questions below.

1. Is the contractor performing a function that is “mission critical”?
2. Does the contract requirement include inherently governmental functions?
3. Does the contract requirement include unauthorized personal services either in the work statement or in contract operation?
4. In the case of work closely associated with inherently governmental functions, or non-competitive contracts, was special consideration given to using Federal government employees?
5. Are sufficiently trained and experienced officials available within the Bureau to manage and oversee the contract administration function?

2.4.1 Are contractors performing a function that is mission-critical?

In the case of this analysis, the Cybersecurity, Cloud Infrastructure System Administration, and Redress contracts are deemed mission-critical. It should be noted that contractors are not authorized approvers regarding decisions to implement guidance and policies at the Bureau. The responsibility for enacting policies and procedures (to include final draft signatures) remains with the government workforce at the Bureau. In addition, the BCFP provides sufficiently trained officials and CORs that are able to oversee the contract administration function.

2.4.2 Do contractual requirements include inherently governmental functions?

The Bureau's contractual support requirements do not include inherently governmental functions, and as such, there is little possibility of contractors performing inherently governmental work.

2.4.3 Do contractual requirements include unauthorized personal services?

The Bureau does not have any contracts or contractual requirements that include unauthorized personal services.

2.4.4 If performance is closely associated with inherently governmental functions, or in non-competitive acquisitions, was consideration given to utilizing Federal employees prior to acquisition?

General consideration is given to fulfilling needs with existing government employees prior to synopsizing requirements. To comply with OFPP's Policy Letter 11-01, the Bureau has established a pre-acquisition service code determination checklist which is built in to the online procurement system. BCFP's Service Contract Coding questionnaire is required for service contract obligations over \$25,000, ensuring adequate review and documentation is complete to avoid any unnecessary "inherently governmental" contract work. An SCC determination is required prior to award and documents that the requirement has been vetted and approved by the program office and the contracting officer, certifying both a balanced workforce approach and appropriate exercise of discretion. In addition, the determination documents that proper staffing for oversight of closely related inherently governmental functions has been considered.

2.4.5 Are sufficiently trained and experienced officials available within the Bureau to manage and oversee contract administration functions?

Regarding performance related to the PSCs studied in this report, the CORs, Contracting Officers, and Program Managers involved in the contract actions reviewed are sufficiently trained in effective management techniques and oversight of critical/non-critical support

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services. The BCFP has progressively expanded its COR workforce to ensure that each program office has sufficiently trained employees capable of contract administration. Five dedicated COR Advisors in the Office of Procurement serve as experts on all aspects of contract administration. The Office of Procurement also offers regular COR training and guidance. The BCFP currently has 207 certified CORs.

3. Business Process Improvement Opportunities

The BCFP's Office of Procurement has implemented strategies aimed at ensuring that service contracts are managed effectively, and that the potential for performing inherently governmental work is avoided. These efforts have been categorized into two groups:

1. Ongoing process improvements
2. Recommended process improvements

3.1 Ongoing Process Improvements

The Bureau recognizes the need to continue the forum for CORs/program managers to share not only best practices, but also topics such as contract administration techniques and general contract questions. The Bureau's Office of Procurement continues to host monthly COR roundtable meetings aimed at maintaining and enhancing the professional development of staff sharing ideas, values, and strategies across the COR workforce. These meetings have become a forum for discussing current procurement topics, and have spawned individual training sessions in program offices throughout the Bureau. Training sessions include topics such as invoice review, contract administration, file/record maintenance, accruals, and contractor on/off-boarding procedures.

The Office of Procurement also has robust internal reports that share contract information, contractor and COR-driven reporting, obligation profiles, and summaries of contractor performance for service contracts valued over the Simplified Acquisition Threshold for intra-agency consumption. Additional emphasis is paid to CORs' evaluation of contractor performance through an internally-developed contractor performance report, which details

quarterly performance in various areas mirroring those reported in CPARS. Other oversight mechanisms include the development of a procurement dashboard which provides an overview of all contract obligations by fiscal year quarters and associated number of transactions processed. The dashboard is available to all Bureau employees to include upper management. Users can drill into the data to see top obligation dollars by vendor.

The Bureau has established a COR Advisor team within the Office of Procurement. The COR Advisors are specifically responsible for overseeing COR functions and training to help centralize and strengthen contract administration across the Bureau. These experienced individuals serve as internal consultants in all matters of contract administration.

3.2 Recommended Process Improvements

The recommendations below provide the Bureau with additional process improvement steps resulting from consideration of the FY 2016 service contract inventory:

1. Continue to implement COR Advisor team initiatives, and develop relationships between this team and the program office acquisition contacts, to strengthen and centralize contract administration oversight
2. Further develop the procurement dashboard to enable deeper views into contract awards such as small business status, competition, etc.
3. Continue COR awareness efforts, promoting training and encouraging COR Level II/III certification
4. Minimize Labor Hour and Time-and-Material contracts; maximize usage of Fixed Price contracts

4. Bureau Senior Management Officials

The senior management official accountable for the development of the Bureau's policies, procedures, and training associated with OFPP's Policy Letter 11-01 is the Senior Procurement Executive, David P. Gagan.

The official responsible for ensuring appropriate internal management attention is provided to the development and analysis of the service contract inventory for the Bureau is the Chief Human Capital Officer, Jeffrey Sumberg.

The Chief Information Officer for the Bureau is Jerry Horton.