

Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, D.C. 20552



February 28, 2019

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

<b>FROM</b>	David P. Gragan, Senior Procurement Executive, Consumer Financial Protection Bureau, Office of Procurement
<b>SUBJECT</b>	Service Contract Inventory – FY 2018 Service Contract Inventory and Planned Analysis and FY 2017 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 follows<sup>1</sup>:

- 1) An analysis of FY 2017 inventory,
- 2) Planned analysis of selected Product Service Codes (PSC) for FY 2018 (analysis to be completed in FY 2019).

The purpose of this memorandum is to identify the FY 2018 service contract inventory and CFPB-specific special interest functions planned for analysis in FY 2019, and the FY 2017 service contract inventory analysis.

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

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<sup>1</sup> 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 CFPB’s FY 2018 inventory which will be the subject of a focused analysis in FY 2019<sup>2</sup>.

**TABLE 1: FY 2018 SPECIAL INTEREST FUNCTIONS FOR ANALYSIS IN FY 2019**

<b>Product Service Code (PSC)</b>	<b>PSC Description</b>	<b>FY 2016 Obligation \$</b>	<b>% Total Obligations</b>
R418	Support – Professional: Legal	\$5,996,905	5%
B507	Special Studies/Analysis	\$4,995,144	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. Both of these PSCs represent contracts that differ significantly from the types of services that we have analyzed in recent years.

In FY 2018, the CFPB incurred obligations for seven OMB-identified special interest functions – D302, D307, R408, R499, R699, R707, and R799 – as shown in Attachment 1. Five of these have been analyzed in recent years. The remaining two (R699 and R707) also appear among the top ten PSCs by obligation and may be considered for analysis in a future report.

As part of the FY 2018 inventory analysis, the CFPB will monitor/evaluate contracted services to determine whether contractor personnel perform critical agency functions that could affect the CFPB’s ability to maintain control of its mission and operations.

Attachment 2 is the FY 2017 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).

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<sup>2</sup> R418 primarily includes paralegal services and experts in support of litigation. B507 primarily includes analysis of consumer behavior and educational materials.

# 1.1 Enclosure(s)

Attachment 1: FY 2018 Service Contract Inventory Summary

Attachment 2: FY 2017 Service Contract Inventory Analysis

# FY 2017 Service Contract Inventory Analysis

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

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# 1. Introduction

The Consumer Financial Protection Bureau (CFPB 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 CFPB 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 CFPB 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 CFPB'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 2017 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 2017.

**TABLE 1:** CFPB PRODUCT SERVICE CODES

PSC	PSC Description	FY 2017 Obligation Dollars	Representative Contract Actions
D307	IT and Telecom – IT Strategy and Architecture	\$,6,686,314	16
R410	Support – Professional: Program Evaluation/ Review/ Development	\$10,239.697	10

We selected these PSCs based on their being in the top ten by obligation for FY 2017, not having been analyzed in past years' reports, and D307 being one of OMB's designated codes for special interest.

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 CFPB 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."<sup>1</sup> Thus, CFPB 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 analysis, the Office of Procurement has reviewed the SCC determination worksheets for the contract actions identified in FY 2017 under PSCs D307 and R410.

## 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

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<sup>1</sup> "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

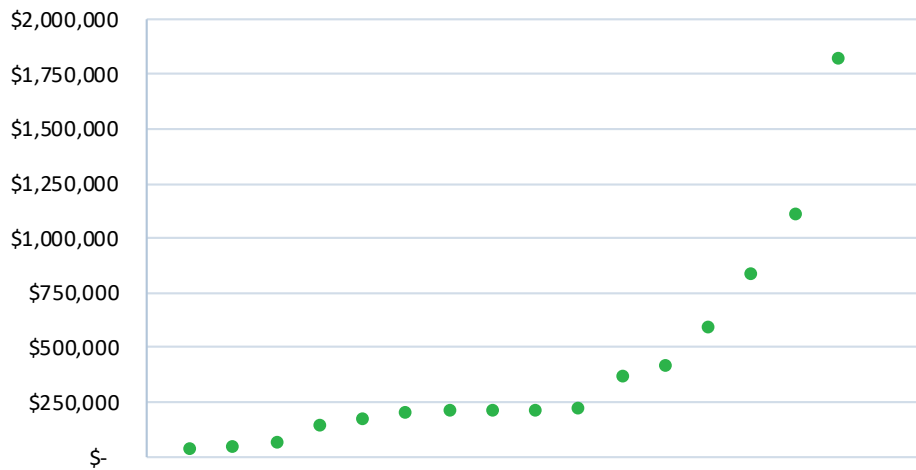


The below list details the data gathering elements collected by the review team:

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

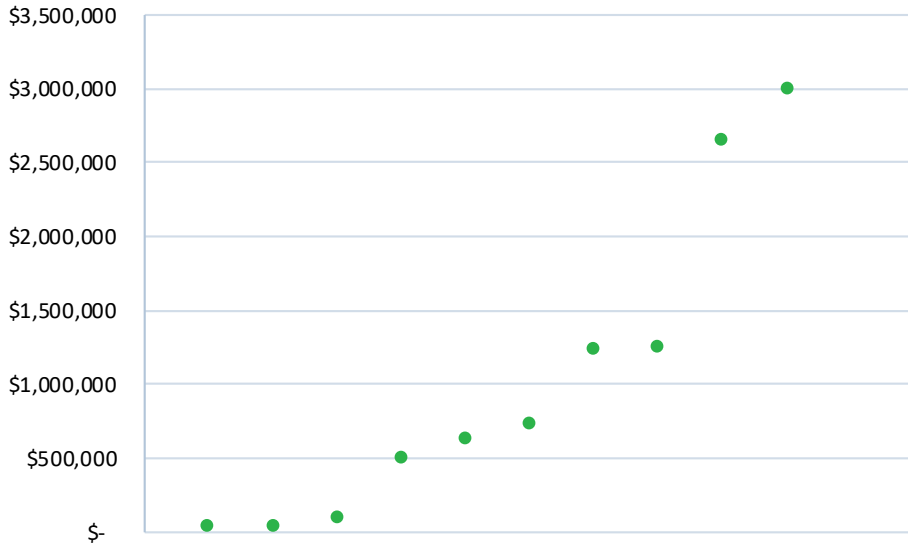
Figures 1-2 illustrate the obligation dollars for each relevant action by PSC.

**FIGURE 1:** PSC D307 – ACTION OBLIGATIONS



For PSC D307, the resultant 16 actions are depicted in Figure 1. The obligation dollars range in value from a low of \$34,550 to a high of \$1,825,062, with an average action obligation of \$417,895.

**FIGURE 2:** PSC R410 – ACTION OBLIGATIONS



For PSC R410, the resultant 10 actions are depicted in Figure 2. The obligation dollars range in value from a low of \$45,879 to a high of \$3,010,000 with an average action obligation of \$1,023,970.

Tables 2-3, below, detail the relevant contract actions issued under each PSC.

**TABLE 2:** PSC D307 CONTRACT ACTION DETAILS

<b>Vendor Name<sup>2</sup></b>	<b>Description of Requirement</b>	<b>Action Obligation</b>
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$34,550.43
CORESPHERE LIMITED LIABILITY COMPANY	Salesforce Administration Essential Training	\$41,990.64
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$64,631.42
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$148,937.60
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$175,000.00
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$200,897.40
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$214,076.52
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$214,076.52
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$215,035.80
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$220,895.64
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$371,210.00
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$418,763.98
CORESPHERE LIMITED LIABILITY COMPANY	CRM Software and Implementation	\$594,337.44

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

Vendor Name <sup>2</sup>	Description of Requirement	Action Obligation
CORESPHERE LIMITED LIABILITY COMPANY	Supervision and Examination System Application Development and Support	\$838,991.00
DELOITTE CONSULTING LLP	Complaint Analytics	\$1,107,858.30
AUROTECH, INC.	eDiscovery	\$1,825,061.63

**TABLE 3:** PSC R410 CONTRACT ACTION DETAILS

Vendor Name	Description of Requirement	Action Obligation
DIAMOND, VIRGINIA M	Leadership Excellence Seminars	\$45,879.44
AON CONSULTING INCORPORATED (9313)	Benefits Consulting	\$46,736.00
DIAMOND, VIRGINIA M	Leadership Excellence Seminars	\$97,120.56
ICF INCORPORATED, L.L.C.	Train the Trainer	\$506,142.00
GRANT THORNTON LLP	Internal Controls Support	\$641,034.96
ERNST & YOUNG, L.L.P.	Enterprise Architecture and Investment Analysis Support	\$738,640.00
ERNST & YOUNG, L.L.P.	Data Analytics	\$1,238,587.00
ACUMEN SOLUTIONS, INC.	Enterprise Platform Support	\$1,255,998.72
ACUMEN SOLUTIONS, INC.	Enterprise Platform Support	\$2,659,558.08
ERNST & YOUNG, L.L.P.	Project Management	\$3,010,000.00

## 2. Summary of Findings

In accordance with the Consolidated Appropriations Act, 2010, Division C, Title VII §743(e), the CFPB 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 D307: IT and Telecom – IT Strategy and Architecture

Product Service Code D307 is selected for review because it makes up one of the highest percentages of overall CFPB service contract obligations, and it is an OMB-designated special interest function. Three vendors were responsible for these services: Aurotech, Inc.; Coresphere Limited Liability Company; and Deloitte Consulting LLP.

Aurotech provided electronic legal discovery (eDiscovery) system support in a GSA task order beginning in FY 2016 and continuing into FY 2017. The Bureau rated this service as Critical to the mission and operations, as it supports the work of the Legal Division as well as the Office of Enforcement. Because of the importance of this work, the Bureau assigned a Level II COR with experience in legal technology systems and a Level II ACOR with experience in IT procurement. The contract also required working with other stakeholders throughout the Technology &

Innovation and Legal offices for Bureau approval and to ensure compliance with applicable laws and statutes. The contract covered the use and support of commercial off-the-shelf technology products (some included as line items in this contract, and others purchased separately). The Bureau additionally maintained control over the work product by requiring the vendor to transfer knowledge and supporting documents to employees. Quality control over the contractor's performance included both a contractor-established Quality Control Plan and a detailed Quality Assurance Surveillance plan with requirements such as weekly and monthly status reports and CPARS-based incentives. Performance reports show that Aurotech performed at a satisfactory level.

Deloitte provided Complaint Analytics services under a BPA call intended to provide Adaptive Maintenance and Operations Support for a complaint management and analysis system developed and implemented in previous calls. The Bureau rated these services as Critical Functions with some possibility of inherently governmental functions, because of their importance in efficiently processing complaints from the public that can lead to enforcement actions. Accordingly, the Bureau assigned a Level II COR with experience in project management, particularly in procuring and developing IT systems, to oversee performance of this contract. All calls under this BPA reflected the incremental nature of the Complaint Analytics project, which intended to develop a system, progressively add functionality, and eventually transition the operation and maintenance of the system from the vendor to Bureau employees. Using contractor support for a project of this nature allowed the Bureau the flexibility of selecting a particular mix of labor categories (from technical and analytical to management roles) for each phase of the project and to adjust those categories over time. The Bureau provided the contractors with well-defined guides detailing the objectives of the Complaint Analytics project, the phases of system development, and the desired capabilities of each aspect of the system. The contractor met regularly with an Integrated Project Team of employees from across the Bureau, including Consumer Response and Technology & Innovation. This combination of subject matter experts was sufficient to oversee the vendor's work and perform all inherently governmental functions required for Complaint Analytics, such as reviewing and approving vendor deliverables. Performance reports indicated the contractor performed at a satisfactory or higher level.

The Bureau entered into a blanket purchase agreement (BPA) with Coresphere in FY 2013 for cloud-based CRM development and operations, specifically on the Salesforce platform. In FY 2017, nine calls were funded covering four Critical functions and one Other Than Inherently Governmental Function. The Bureau placed a high priority on oversight and administration of

this contract, so there was a COR and Alternate COR, at least one of whom had Level II training. These individuals had sufficient experience with IT project management and systems acquisition to appropriately monitor contractor performance. One call was to train staff on using the applications developed within Salesforce, which was rated an Other function and had low risk of the contractor performing inherently governmental functions because Salesforce is a commercial off-the-shelf product and all active applications on the platform are Bureau-approved. The other four calls dealt with the Critical tasks of developing and maintaining several applications in Salesforce to support needs across the Bureau, including the technology Service Desk and its Asset Management program, legal matter management, and the Supervision and Examination System. As the lifecycle of each application progressed, using contractor support gave the Bureau agility to bring on short-term project teams for less than a year and flexibility to customize and shift the labor categories used over time for the appropriate blend of analytical, technical, and management roles. The BPA contained extensive system requirements already developed and approved by employees, as well as a Quality Assurance Surveillance Plan including CPARS-based incentives and weekly and monthly status communications. As with all IT systems procurements, the contracts required the vendor to abide by the Bureau's Cybersecurity policy and established Change Management processes for employees to review and approve all work products before release. Performance reports show that Coresphere performed generally at a satisfactory level, with occasional ratings at the marginal level (none regarding the work product) or very good level.

## 2.2 PSC R410: Support – Professional: Program Evaluation/ Review/ Development

As a relatively young agency in the Federal government, the Bureau has a need to develop programs both in mission and operational areas to ensure we meet the requirements of our founding statutes in an efficient and effective manner. Accordingly, the Bureau has contracted for various program evaluation, review, and development services. In FY 2017, six vendors provided these services: Acumen Solutions, Inc.; Aon Consulting Incorporated; Virginia Diamond; Ernst & Young, LLP; Grant Thornton LLP; and ICF Incorporated, LLC.

The Bureau contracted with Acumen beginning in 2017 for Enterprise Platform support services, specifically to support the Technology and Innovation Office's initiative to implement Salesforce applications for various system needs across the Bureau. These services were rated as Critical Functions to the Bureau's operations due to the integration of Salesforce into many functions of the agency, so both a COR and ACOR were assigned to oversee this contract's performance, at least one of whom had Level II training. Bureau staff maintained control over operations and mission by defining and prioritizing stakeholder requirements, and holding the authority to approve technical designs and application releases, all following established procedures of the Bureau's Enterprise Platforms Center of Excellence. The contractor personnel increased the Bureau's capacity and ability to execute plans efficiently, as well as providing expert knowledge of Salesforce and its capabilities to advise the Bureau on best practices. Using contractor support rather than employees allowed the Bureau to vary the key personnel as the project evolved, including some temporary or part-time roles. A detailed Quality Assurance Surveillance Plan, with payment-based incentives, clearly defined expectations for deliverable quality and Bureau review and inspection. Performance reports show that Acumen performed at a very good or exceptional level.

The Bureau entered into a BPA with Virginia Diamond in FY 2014 for Organizational Development, Leadership Effectiveness, and Talent Management Services, and funded one call under this BPA in FY 2017. The Bureau classified this call, for Leadership Excellence Seminar services, as a Closely Associated function. While a small portion of the services were tailored to the particular leadership needs of the Bureau's Supervision and Enforcement division and training courses can be considered Closely Associated functions, the courses provided under this call covered mission-agnostic skills such as "Developing Team and Organizational Capability" and "Managing Resources." Additionally, the Statement of Requirements for the BPA set high standards for personnel education and years of experience such that it would not be feasible for the Bureau to hire a sufficient number of professionals of a similar caliber for the limited dates of the training seminars. Finally, these services are commercially available and were overseen by a Level II COR to ensure the contractor personnel did not perform inherently governmental functions. Performance reports indicate that the contractor performed at an exceptional level.

The Bureau entered into a BPA with Aon Consulting Incorporated during FY 2015 for Benefits Consulting Services and funded one call under this BPA in FY 2017, classified as a Closely Associated Function. This call procured an expert benefits consultant to advise the Bureau's Office of Human Capital on non-retirement benefits to ensure the Bureau remains a competitive employer, comparable to other agencies within the Financial Institutions Reform, Recovery, and



Enforcement Act (FIRREA) group and the Federal Reserve System. To perform this work requirement, the Bureau estimated the need for less than 300 hours of consulting per year and some required personnel with as much as ten years of experience, including experience with other FIRREA agencies. Due to these selective needs and the sporadic nature of the work, the Bureau found it would be cost-effective to use a contractor for this requirement. The contractor performed review, surveying, and analysis based on subject matter expertise and provided the Bureau with recommendations and advice, and created communications based on Bureau decisions. Only Bureau staff performed inherently governmental functions, such as determining policy and choosing which benefits to purchase and offer to employees. A Level I COR, who is also a benefits specialist, oversaw the contractors' work. Performance reports indicate that the contractor performed at a satisfactory level.

The Bureau entered into a BPA with Ernst & Young in FY 2015, for Management and Strategy Consulting Services. The Bureau funded three calls under this BPA in FY 2017, for services including Enterprise Architecture and Investment Analysis, Data Analytics Support, and Project Management and Business Analysis, and identified all these services as Critical Functions with some risk of the contractor performing inherently governmental functions. Some tasks on the Data Analytics call were also classified as potentially Closely Associated with inherently governmental functions, due to contractor access to confidential or sensitive information. All the calls were assigned both a COR and an Alternate COR, at least one of whom had Level II training. These calls shared a developmental nature because the Bureau planned to mature these program areas and transfer some vendor-developed processes to employees over time. Using contractor support for these requirements rather than hiring employees meant that the Bureau benefited from the ability to select a particular mix of labor categories (including various levels of technical, financial, and management staff) for each call and adjust that mix as the work progressed from the initial stages of analyzing current state, through planning, to execution and finally knowledge transfer. Calls contained transition planning tasks to ensure that the Bureau retained control over the work product and, by extension, its own mission and operations. For the Project Management and Enterprise Architecture calls, the contract deliverables consisted of recommendations, plans, and analyses of options, all to include supporting documentation of the rationale, risks, and benefits to the Bureau. Bureau staff and management performed the inherently governmental functions of reviewing the deliverables and determining which recommendations to adopt or execute. The Data Analytics call required all personnel to abide by the Bureau's cybersecurity policies, submit a non-disclosure agreement, and work with the Data Management team that controls access to the data in

question. These measures ensured that contractors accessed sensitive information appropriately and only as needed. All the calls included requirements for regular meetings and status reports to keep CORs informed of progress. Performance reports indicate the contractor performed at a satisfactory level.

The Bureau placed an order in FY 2015 for Internal Controls Support Services under a GSA schedule with Grant Thornton and obligated funds to continue services in FY 2017. The Bureau identified the services as Closely Associated and Critical functions because they include conducting analyses of Bureau processes and evaluating their effectiveness, which is critical to the Bureau's execution of its operations. To mitigate the high risk of contractors performing inherently governmental functions, the Bureau assigned two Level II CORs to oversee contractor performance and work closely with the contractors. Both these employees are professionals in the field of financial and process controls which allows them to effectively evaluate and monitor contractor performance. Staff also consulted with the Bureau's legal counsel as needed, such as when determining applicability of federal statutes, avoiding any possibility of contractors making legal decisions on the Bureau's behalf. In general, the contractors' exercise of discretion was limited because many established Federal Internal Control requirements and/or guidelines prescribed the criteria for the audits, including the Federal Managers Financial Integrity Act of 1982 (FMFIA), the Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control, Federal Information Security Management Act of 2002 (FISMA), the Federal Financial Management Improvement Act of 1996 (FFMIA) and other related legislation. The contractor personnel discussed the status of all items with the CORs at least weekly, and all deliverables were subject to Bureau review, discussion, and comment before committing to the findings. From a risk management perspective, the fixed-price billing structure shifts responsibility from the Bureau to the contractor to retain sufficient personnel to meet deadlines throughout the audit cycle. The performance reports indicate that the contractor performed at a satisfactory level, with the exception of a marginal performance rating in one area which was improved to satisfactory in the next evaluation.

The Bureau contracted with ICF to provide "Train the Trainer" services beginning in FY 2016 and continuing during FY 2017, classified as Closely Associated and Critical Functions. The project involved dissemination of agency information to the public via various public and private social services organizations. Consumer education is critical as a major mission of the Bureau. To mitigate the possibility of the contractor performing inherently governmental functions, the Bureau assigned both a COR and ACOR, at least one of whom had Level II training, to oversee this project. The CORs were program management professionals either in the field of consumer

financial outreach or public policy. While there was a possibility that the public might believe the contractor or the trainers trained during this project to be representing CFPB, the training was limited to the Bureau-approved content and included customizable materials for trainers to use with the public on behalf of their own organizations. The contractor had minimal influence over the content they delivered, as the Bureau had already developed and approved the “Your Money, Your Goals” (YMYG) materials, with the exception of requiring the contractor to draft a version of the materials customized for the needs of Tribal social services organizations. The Bureau also requested that the contractor propose revisions to the YMYG materials as appropriate, given feedback they collected throughout contract performance. The Bureau at all times retained final approval authority over the content of the materials. A detailed Quality Assurance Surveillance Plan in the contract delineated the standards for regular weekly and monthly status updates, as well as quality of deliverables presented to the Bureau for review. Performance reports show that ICF performed at a very good or exceptional level in all areas.

## 2.3 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?

### 2.3.1 Are contractors performing a function that is mission-critical?

In the case of this analysis, many of the contracted functions are deemed mission-critical. The Bureau finds that the contractors provided needed capacity, expertise, and flexibility and

that the detailed contract specifications and Bureau oversight mitigated any possibility of contractors performing inherently governmental functions. Contractors are not authorized approvers regarding decisions to implement guidance or policies at the Bureau. The responsibility for enacting policies and procedures, executing acquisitions, and pursuing enforcement actions remains with the government workforce at the Bureau. In addition, the CFPB provides sufficiently trained officials and CORs that are able to oversee the contract administration function.

### **2.3.2 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.

### **2.3.3 Do contractual requirements include unauthorized personal services?**

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

### **2.3.4 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 synopsis 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. CFPB'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.

### **2.3.5 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 services. The CFPB 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 CFPB currently has 203 certified CORs.

## 3. Business Process Improvement Opportunities

The CFPB'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 2017 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. Gragan.

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.