

U.S. NUCLEAR REGULATORY COMMISSION

FY 2014 SERVICE CONTRACT INVENTORY ANALYSIS

NRC RESPONSIBLE OFFICIALS

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BACKGROUND

NRC submitted to the Office of Management and Budget (OMB) Product Service Code (PSC) B528, entitled "Special Studies / Analysis – Regulatory" as the special interest function selected to be analyzed during Fiscal Year FY14.

This PSC (B528) was selected because it was not the subject of a previous analysis, it did not appear in the NRC's Top 10 PSCs reported in FY14, and most other top PSCs for FY14 were being evaluated as part of NRC's ongoing strategic sourcing initiatives. The selection of this code is consistent with PSC selections made for prior fiscal year service contract inventory submissions to OMB. Accordingly, NRC focused its analysis of the service contract inventory on this special interest function.

SCOPE OF REVIEW

The FY14 service contract inventory was reviewed for special interest functions that required increased management attention due to possible over-reliance on contractor support for activities that may otherwise be performed by Federal employees. The special interest function selected for review is under the "B" of the Product Service Codes. Contracts within this code include those that provide professional, administrative and management services which could be considered closely associated with inherently governmental functions in accordance with [OMB Policy Letter 11.01](#) entitled: "**Performance of Inherently Governmental and Critical Functions.**"

As required by Sections 743(e)(3) and (4) of the Federal Activities Reform Act of 1998 and Section C of the attachment to the guidance issued by OMB, a representative sample (50%) of these were required. However, in FY14, there were only two contracts under PSC B528. The work under the contracts was evaluated to determine if it was performed satisfactorily, in terms of quality and timeliness of performance, and cost constraints. It was also analyzed to determine if the services should be considered for conversion to performance by NRC employees in accordance with insourcing guidelines.

METHODOLOGY

The work under these contracts has been performed properly in terms of quality and timeliness of performance, and met budgetary constraints. The Agency was satisfied with the overall performance of the contractor and had no knowledge of cost overruns. The Agency continues to review financial service requirements, including those under special interest function "Special Studies / Analysis -Regulatory," as part of its continued efforts in strategic sourcing, including review by Agency commodity councils. NRC awarded two contracts in this PSC, NRC-HQ-12-C-02-0089 and NRC-HQ-60-14-E-0003. In addition, based on the established criteria for classifying functions as inherently governmental, it was determined that the contractors were not performing inherently governmental functions.

The contracts that fell under PSC B528 were for the following contracts:

NRC-HQ-12-C-02-0089

Southwest Research Institute Laboratory

Operation of the Center for Nuclear Waste Analysis as the NRC's Federally Funded Research Development Center

NRC-HQ-60-14-E-0003

S C & A

Small Business

Destination of Released Patients Following Treatment with Iodine-131 and Estimation of Doses to Members of the Public at Locations Other Than Conventional Residences Receiving Such Patients

During fiscal year 2014, NRC spent approximately \$3,690,577.60 under PSC B528 to support regulatory studies.

One primary contract was issued under number NRC-HQ-12-C-02-0089 valued at \$800,000 and four modifications were issued under task order number NRC-HQ-50-14-T-0001, totaling \$2,763,273, on a cost-plus-award-fee (CPAF) basis.

FY14 Incremental Funding Modifications:

- M001: \$900,000.00
 - M002: \$1,000,000.00
 - M003: \$500,000.00
 - M004: \$363,273.00
- Total: \$2,763,273

The second contract issued under PSC B528 was number NRC-HQ-60-14-E-0003, awarded on a firm-fixed-price basis at \$127,304.60, and currently has no contract modifications.

A Contractor Performance Assessment Report (CPAR) was completed for contract NRC-HQ-12-C-02-0089. The Contracting Officer's Representative (COR) rated the contractor very good to exceptional in each evaluation category, suggesting that there were no significant performance problems or concerns. There is no CPAR due at this time for the contract NRC-HQ-60-14-E-0003.

In accordance with Section 743 of the Federal Activities Reform Act of 1998 and Appendix D of the OMB guidance, NRC analyzed the contracts in this category as follows:

Each contract in the inventory that is a personal services contract has been entered into, and is being performed, in accordance with applicable laws and regulations. **No personal services contracts were identified during the analysis of this category of service contracts.**

- (i) The agency is giving special management attention, as set forth in FAR 37.114, to functions that are closely associated with inherently governmental functions. **FAR 37.114 is actively being followed during the performance of contracts awarded under this PSC B528.**
- (ii) The agency is not using contractor employees to perform inherently governmental functions. **A review of NRC's FY 14 Service Contract Inventory shows that there are no contractors being used to perform inherently governmental functions.**
- (iii) The agency has specific safeguards and monitoring systems in place to ensure that work being performed by contractors has not changed or expanded during performance to become an inherently governmental function. **Contract scope is monitored by the CO to ensure that "scope creep" is not occurring, especially into inherently governmental functions through contract modifications. CORs are required to ensure that services provided and invoiced are in accordance with scope of the contract; and that work does not change or expand during performance to become inherently governmental.**
- (iv) The agency is not using contractor employees to perform critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations. **There are sufficient Agency personnel in place to ensure that contractor employees are not performing critical functions to the point of affecting NRC's ability to perform its mission and operations.**
- (v) There are sufficient internal agency resources to manage and oversee contracts effectively. **There are sufficient internal NRC resources to manage and oversee contracts effectively. However, the Agency continues to study ways in which to improve organizational effectiveness and contractor performance.**

CONCLUSION

Based on the above analysis, the NRC has determined that it is not necessary to take any actions to convert these functions currently being performed by contractors under PSC B528 to performance by NRC employees.

There are no planned or pending actions identified in previous inventories that require follow-up.