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DEC 29 2014

MEMORANDUM FOR SEE DISTRIBUTION

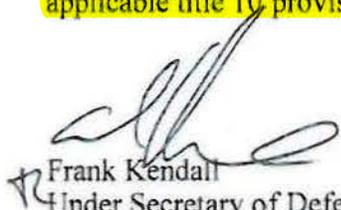
SUBJECT: Guidance for the Submission and Review of the Fiscal Year 2014 Inventory of Contracted Services

In accordance with section 2330a of title 10, United States Code (10 USC 2330a), this memorandum and its attachments provide guidance for developing your organization's submission for the Inventory of Contracted Services (ICS) for FY 2014.

Inventories shall be submitted electronically with a signed transmittal memorandum containing a narrative describing the methodology used for collecting and populating the inventory. Components' transmittal memo and inventory data are due to the Office of the Under Secretary of Defense for Personnel and Readiness (OUSD(P&R)) and the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD(AT&L)) no later than May 1, 2015. Electronic submissions shall be made to the following points of contact: Mr. Thomas Hessel (thomas.j.hessel.civ@mail.mil) for OUSD(P&R) and Mr. Jeffrey Grover (jeffrey.c.grover.civ@mail.mil) for OUSD(AT&L). Any questions regarding this guidance should be directed to these points of contact.

We have identified the current reporting alignment for each Component at Attachment 1. To ensure the most complete inventory this year, each Component listed shall identify a point of contact with primary responsibility and any variance from the alignment to Mr. Hessel and Mr. Grover by February 13, 2015.

The Department will compile the inventories prepared by the Components to transmit to Congress by June 30, 2015. Following inventory submission, each Component shall complete a review of its ICS in accordance with subsection (e) of 10 USC 2330a and this guidance. Each Component Head shall submit a letter to OUSD(P&R), via the points of contacts for the inventory, certifying completion of the review and delineating the results in accordance with all applicable title 10 provisions and this guidance.


Frank Kendall
Under Secretary of Defense
for Acquisition, Technology, and Logistics


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Attachments:

1. ICS Guidance
2. DoD Component Reporting Alignment
3. ICS Fields
4. Functions/Work Categories

DISTRIBUTION:

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Attachment 1

ICS Guidance

1. Components shall submit an inventory of services provided under contract that corresponds to the spreadsheet at **Attachment 2**, titled “FY 2014 ICS Fields,” containing field descriptions and requirements.
 - a. **All services provided** in support of, or benefit to, a Department of Defense (DoD) organization, regardless of dollar amount, contracting agency, or security classification, will be reported on the ICS and subsequently reviewed. In accordance with 10 USC 2330a, the Department may submit annexes to the ICS with classified contract information separately, as appropriate, in coordination with the responsible Components.
 - b. Components will report contracts on the inventory by requiring activity. The organization charged with the mission being performed under contract is the requiring activity.
 - c. Components may use all reporting tools and data therein, in whole or in part, at their disposal to compile this inventory, including the Enterprise-wide Contractor Manpower Application (ECMRA).
 - d. The Director, Defense Procurement and Acquisition Policy (DPAP) will provide a certified data set from the Federal Procurement Data System, Next Generation (FPDS-NG) for FY 2014 on the DPAP website in February 2015, at http://www.acq.osd.mil/dpap/cpic/cp/acquisition_of_services_policy.html. This data should be used to “cross check” against the data fields compiled by Components for their inventory.
2. Guidance for Reporting the Functions and Missions for the ICS.
 - a. **Function.** In accordance with annual DoD Inherently Governmental and Commercial Activities Inventory guidance (most recently issued December 2, 2013), a function is defined as a description of the kind of action or activity performed. For the ICS, the function data field will be reported as the Product Services Code (PSC) description (at the four digit level of detail as posted at <https://www.acquisition.gov/>). The PSC is an alphanumeric categorization of the basic type of service provided, as captured in the FPDS. Each PSC corresponding to a unique location, period of performance, and unique contract, task order, delivery order, or interagency acquisition agreement shall be listed individually (table next page):

<u>Included PSC Categories</u>	
A	Research, Development, Testing & Evaluation (RDT&E)
B	Special Studies and Analysis – Not Research & Development (R&D)
C	Architect and Engineering – Construction
D	Automatic Data Processing and Telecommunication **excluding D304 IT and Telecom - Telecommunications and Transmission and **D322 IT and Telecom - Internet
E	Purchase of Structures and Facilities
F	Natural Resources and Conservation
G	Social Services
H	Quality Control, Testing, and Inspection
J	Maintenance, Repair, and Rebuilding of Equipment
K	Modification of Equipment
L	Technical Representative Services
M	Operation of Government Owned Facilities
N	Installation of Equipment
P	Salvage Services
Q	Medical Services
R	Professional, Administrative, and Management Support
S	Utilities and Housekeeping Services **excluding utilities: SIXX
T	Photographic, Mapping, Printing and Publications
U	Education and Training
V	Transportation, Travel & Relocation **excluding freight and shipping: VIXX, V211-224
Z	Maintenance, Repair or Alteration of Real Property
<u>Fully Excluded Product Service Codes</u>	
W	Lease/Rental of Equipment
X	Lease/Rental of Facilities
Y	Construction of Structures and Facilities

b. Mission. For the purposes of the ICS, “mission” generally refers to an operational task. Existing fields in DoD databases do not provide for the “mission of the contractor,” as required by 10 USC 2330a. In August 2012, OUSD(AT&L)/DPAP updated the “Taxonomy for the Acquisition of Services,” categorizing PSCs for supply and services contracts into 16 major “portfolio groups.” Information regarding the latest Taxonomy to be used for ICS reporting can be located at the following link: <http://www.acq.osd.mil/dpap/ss/taxonomy.html>. Components should populate this field with the Service Taxonomy Portfolio Group that corresponds to the PSC.

3. Guidance for Estimating/Calculating the Number of Contractor Full Time Equivalents

a. 10 USC 2330a requires that Components to collect direct labor hours and associated costs from contractors to calculate contractor full time equivalents (CFTE). A CFTE

is defined as a standard measure of labor that equates to 1 year of full-time work (total labor hours as defined by the Office of Management and Budget Circular A-11 each year) to support a mission requirement.

- b. Each Component shall include in their ICS transmittal memo a description of their methodology for collecting, estimating, or calculating CFTE, and provide the justification of the methodology used. **Components should include in their narrative the percentage of their total contracts that were reported by contractors in the ECMRA in FY 2014 and the extent to which reported data was used to support their inventory submission.**
- c. The following methodologies – singularly or in combination – may be used to populate a Component’s ICS. The cost to use a particular option below may be an important consideration when choosing a methodology, thereby making some of the options impractical at this time:
 - 1) Collect direct labor hour information from contractors, as required by 10 USC 2330a, DoD policies, and applicable regulations and then use formula for CFTE calculation described below:

$$\text{CFTE} = \frac{\text{Total Contractor Direct Labor Hours for a specific product service code for a contract, task Or delivery order, or interagency agreement}}{\text{Total hours of labor applied in a specific labor category in a given year (i.e. 2,080)}}$$

Calculations will be rounded to the one-hundredth (.xx) decimal level.

- 2) Collect direct labor hours as reported by the Contracting Officer’s Representatives or Contracting Officer’s Technical Representative for the service during FY 2014.
- 3) Reference the independent government estimate or contractor technical proposals to extrapolate hours for services provided in FY 2014.
- 4) Report information collected from contract invoices.
- 5) Calculate CFTEs using a factor by PSC to be provided by the Army in early 2015 or a similar factor based on service specific CMRA data multiplied by the Total Dollar Amount Obligated for the corresponding PSC as follows:

Example: PSC = H110 - Quality Control Svcs/Weapons (Non-OCO)

Obligation amount = \$65 million.

CFTE Factor = 0.000009996258946

CFTE = (65,000,000 X 000009996258946) = 649.76

The FY 2014 CMRA Rates and Factors will be used as follows:

- a) “Generating Force - 1” – Use a factor on this sheet only if the appropriate 4 digit code does not appear on the “Generating Force - 4” sheet (as Army does not have the 4 digit level of detail for all PSCs), for all contract services provided excluding any support provided in Afghanistan.
- b) “Generating Force - 4” – Use the factors on this sheet that correspond to the appropriate PSCs for all contract services provided excluding any support provided in Afghanistan.
- c) “OCO - 1” – Use a factor on this sheet, only if the appropriate 4 digit code does not appear on the “IA - 4” sheet (as Army does not have the 4 digit level of detail for all PSCs), for all contract services provided within Afghanistan.
- d) “OCO - 4” – Use the factors on this sheet that correspond to the appropriate PSCs for all contract services provided within Afghanistan.

4. **Guidance for Completing the Review of the ICS.**

In accordance with paragraph (e) of 10 USC 2330a, all services provided in support of, or benefit to, a DoD organization, regardless of dollar amount or security classification, will be reviewed by Components within 90 days of submission of the ICS to Congress by functional and organizational alignment. Components should initiate their reviews upon submission to OSD of their respective inventories and need not wait for the consolidated DoD submission to Congress. **Components must provide input in the affirmative or negative to each requirement in the lettered and numbered items below:**

- a. Functional reviews shall correspond both to the PSCs and **be compared to the annually released DoD function codes for military and civilian personnel.** DoD Components shall also review the inventory of military and Government civilian functions compared to the inventory of contracts for services to: assess economies of scale or scope, identify potential areas of risk and overreliance on contracted services, and identify opportunities for efficiencies.
- b. Reviews of a Component’s ICS shall be consistent with its organizational structure and mission, task, and function alignments, and must be based on each DoD Component’s requirements, include functions associated **with all contracts, task orders, delivery orders, or interagency acquisition agreements** listed in the DoD Component’s inventory for a given fiscal year.
- c. In order to assess and assign contracts on the ICS to a category in the table below, **DoD Components shall review the nature or way the contract is performed and administered** as well as the organizational environment within which it is operating.

Designations made in contract writing systems serve a good start for such reviews, but do not satisfy the requirements of 10 USC 2330a(e).

- d. DoD Components shall use the inventory reviews and subsequent workforce shaping decisions to inform programming and budget matters, including requests to realign work, as appropriate, to military or civilian performance, **and to inform their Strategic Workforce Planning efforts.**
- e. In submitting letters to the OUSD(P&R) certifying completion of the review, **Components shall also provide input to each of the numbered items on this list** with the appropriate expounding information:
 - 1) Explanation of the methodology employed to conduct the review and criteria for selection of contracts for review.
 - 2) Identification of any instances in which Inherently Governmental (IG) functions or unauthorized personal services were being performed under a contract, with a plan of action to divest, correct, or realign such functions to Government performance.
 - 3) Identification of contracts under which Closely Associated with Inherently Governmental (CAIG) functions are being performed and an explanation of the steps taken to ensure appropriate Government control and oversight of such functions, or if necessary, a plan to either divest or realign such functions to government performance.
 - 4) Identification of contracted services to be realigned to Government performance that should be:
 - a) Exempt from private sector performance in accordance with DoD Instruction 1100.22, "Policy and Procedures for Determining Workforce Mix;"
 - b) Require special consideration under 10 USC 2463; or
 - c) Can be more cost effectively performed by Government civilians, consistent with DoD Instruction 7041.04, "Estimating and Comparing the Full Costs of Civilian and Active Duty Military Manpower and Contract Support."
 - 5) Actions being taken or considered with regards to annual program review and budget processes to ensure appropriate (re)allocation of resources based on the reviews conducted.
 - 6) Actions taken with respect to each of the above categories should be summarized as depicted in the sample table below. The results of these

reviews should be represented in terms of **the number of CFTE and associated dollars from the reported year of the ICS, in the following categories:** IG functions, Critical functions, CAIG functions, Unauthorized personal services, Authorized personal services, and Commercial functions.

If a Component relies on Overseas Contingency Operation (OCO) funded functions, to the maximum extent practicable, these should be presented in a separate table.

Under the area labeled “continue to contract,” Components may only include FTE and dollars where no corrective action is taking place or required. **Accordingly, inherently governmental or unauthorized personal services FTE and dollars may only be reported in the “divest,” “modify contract,” or “in-source” categories.**

Inventory of Contracts for Services: REVIEW RESULTS		Continue Contract		Modify Contract		In-source		Divest	
Requiring Activity: NAME	Review Findings	CFTE	Dollars	CFTE	Dollars	CFTE	Dollars	CFTE	Dollars
	Inherently Governmental		\$ -		\$ -		\$ -		\$ -
	Critical		\$ -		\$ -		\$ -		\$ -
	Closely Associated		\$ -		\$ -		\$ -		\$ -
	Unauthorized Personal Services		\$ -		\$ -		\$ -		\$ -
	Authorized Personal Services		\$ -		\$ -		\$ -		\$ -
	Commercial		\$ -		\$ -		\$ -		\$ -

(a) **The categories in the column titled “Review Findings” on the table are listed in descending order of precedence/occurrence** related to the Office of Management and Budget’s Office of Federal Procurement Policy (OFPP) policy letter 11-01, “Performance of Inherently Governmental and Critical Functions,” and DoD Instruction 100.22, “Policy and Procedures for Determining Workforce Mix.” Most Components have designated a senior, responsible management official who ensures its organization's adherence to and implementation of OFPP policy letter 11-01, and those individuals should assist with this categorization.

(b) Functions (or work), including those under contract, work orders, task orders, etc. – **as a result of performance in execution (not by intent or description in the statement of work or performance work statement)** may be inherently governmental, critical, closely associated with inherently governmental, unauthorized personal services, authorized personal services, or commercial, in nature. Additional details regarding the composition of these categories are provided for reference at **Attachment 3.**

(c) **Contracts that are not summarized and listed in the categories inherently governmental, critical, closely associated, unauthorized personal services, or authorized personal services should be listed as “commercial.”** Components should be prepared to substantiate the rigor of the methodology used to support their certifications.

Attachment 2

Department of Defense Component Reporting Alignment
for the Fiscal Year 2014 Inventory of Contracted Services

No	Agency Required to Report Per OUSD Memo	Required to Submit ICS	Required to Certify
1	Secretary of the Army	Yes	Yes
2	Secretary of the Air Force	Yes	Yes
3	Secretary of the Navy	Yes	Yes
4	Chairman of the Joint Chiefs of Staff (Joint Staff)	Yes	Yes
5	Director Administration and Management - Submits for Under Secretaries and included organizations as reported on this list, as well as #51(WHS) and #68 (PFPA)	Yes	Yes
6	Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
7	Under Secretary of Defense Comptroller/Chief financial Officer (USD(C)/CFO)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
8	Under Secretary of Defense for Intelligence	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
9	Under Secretary of Defense for Personnel and Readiness (P&R)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
10	Under Secretary of Defense for Policy	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
11	Deputy Chief Management Officer	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
12	Africa Command	Yes	Yes
13	Central Command	Yes	Yes
14	European Command	Yes	Yes
15	Northern Command	Yes	Yes
16	Pacific Command	Yes	Yes
17	Southern Command	Yes	Yes
18	Special Operations Command	Yes	Yes
19	Strategic Command	Yes	Yes
20	Transportation Command	Yes	Yes
21	Director OSC, Cost, Assessment and Program Evaluation (CAPE)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
22	Director, Operational Test and Evaluation (DOT&E)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
23	General Counsel of the Department of Defense	As part of OSD	As part of OSD

Department of Defense Component Reporting Alignment
for the Fiscal Year 2014 Inventory of Contracted Services

		staff by DCMO\DA&M	staff in DCMO\DA&M
24	Inspector General of the Department of Defense	Yes	Yes
25	Assistant Secretary of Defense for Acquisition (ASD(A))	Part of AT&L	Part of AT&L
26	Assistant Secretary of Defense for Asian & Pacific Security Affairs (APSA)	Part of USD(Policy)	Part of USD(Policy)
27	Assistant Secretary of Defense for Global Strategic Affairs (GSA)	Part of USD(Policy)	Part of USD(Policy)
28	Assistant Secretary of Defense for Health Affairs (HA)	Part of USD(P&R)	Part of USD(P&R)
29	Assistant Secretary of Defense for Homeland Defense & Americas' Security Affairs (HDASA)	Part of USD(Policy)	Part of USD(Policy)
30	Assistant Secretary of Defense for International Security Affairs (ISA)	Part of USD(Policy)	Part of USD(Policy)
31	Assistant Secretary of Defense for Legislative Affairs (LA)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
32	Assistant Secretary of Defense for Logistics and Materiel Readiness (L&MR)	Part of AT&L	Part of AT&L
33	Chief Information Officer (DoD CIO)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
34	Assistant Secretary of Defense for Nuclear & Chemical & Biological Defense Programs (NCB)	Part of AT&L	Part of AT&L
35	Assistant Secretary of Defense for Operational Energy Plans and Programs (OEP&P)	Part of AT&L	Part of AT&L
36	Assistant Secretary of Defense for Public Affairs (PA)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
37	Assistant Secretary of Defense for Research & Engineering ASD(R&E)	Part of AT&L	Part of AT&L
38	Assistant Secretary of Defense for Reserve Affairs (RA)	Part of P&R	Part of P&R
39	Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (SO/LIC)	Part of USD(Policy)	Part of USD(Policy)
40	Assistant to the Secretary of Defense for Intelligence Oversight (IO)	As part of OSD staff by DCMO\DA&M	As part of OSD staff in DCMO\DA&M
41	Director, Net Assessment	As part of OSD staff by DCMO\DA&M	Certified as part of OSD staff in DCMO\DA&M
42	Defense Media Activity	Yes	Yes
43	Defense POW/Missing Personnel Office	Yes	Yes
44	Defense Technical Information Center	Yes	Yes

Department of Defense Component Reporting Alignment
for the Fiscal Year 2014 Inventory of Contracted Services

45	Defense Technology Security Administration	Yes	Yes
46	DoD Education Activity	Yes	Yes
47	DoD Human Resources Activity	Yes	Yes
48	DoD Test Resource Management Center	Yes	Yes
49	Office of Economic Adjustment	Yes	Yes
50	TRICARE Management Activity	Yes	Yes
51	Washington Headquarters Services	Yes	Yes
52	Defense Advanced Research Projects Agency	Yes	Yes
53	Defense Commissary Agency	Yes	Yes
54	Defense Contract Audit Agency	Yes	Yes
55	Defense Contract Management Agency	Yes	Yes
56	Defense Finance and Accounting Service	Yes	Yes
57	Defense Information Systems Agency	Yes	Yes
58	Defense Intelligence Agency	Yes for MIP (classified)	Yes for MIP (classified)
59	Defense Legal Services Agency	Yes	Yes
60	Defense Logistics Agency	Yes	Yes
61	Defense Security Cooperation Agency	Yes	Yes
62	Defense Security Service	Yes	Yes
63	Defense Threat Reduction Agency	Yes	Yes
64	Missile Defense Agency	Yes	Yes
65	National Geospatial-Intelligence Agency	Yes for MIP (classified)	Yes for MIP (classified)
66	National Reconnaissance Office	Yes for MIP (classified)	Yes for MIP (classified)
67	National Security Agency/Central Security Service	Yes for MIP (classified)	Yes for MIP (classified)
68	Pentagon Force Protection Agency	Yes	Yes
69	President, Defense Acquisition University	Yes	Yes
70	President, National Defense University	Yes	Yes
71	Defense Microelectronics Activity (DMEA)	Technically part of DLA but has contracting authority and submits	Technically part of DLA but has contracting authority and submits
72	USFK	Yes, but sub- unified under PACOM	Yes, but sub- unified under PACOM

Attachment 3

10 USC 2330a requires an inventory of items listed in column c and a summary of the data collected under subsection a and b

2330a requirements of subsection (a) and (b)		2330a requirements of subsection c
Services purchased		Functions performed by the contractor
Total dollar amount of the purchase		Missions performed by the contractor
Form of contracting action used to make the purchase		Contracting organization
Purchase made through -		Component Administering the contract
1. performance based contract with firm fixed prices for specific tasks 2. any other performance based contract, task order or arrangement 3. any other contract, task order, or arrangement that is not performed based		Requiring organization
Purchase made by: 1. DoD? 2. Any other agency (name)?		Funding source by appropriation
Extent of competition provided in making purchase		Funding source by operating agency
More than one offer?		Fiscal year the activity first appeared on the inventory
Purchase from:		Number of CFTE
1. small business concern 2. small business concern owned/controlled by socially and economically disadvantaged individuals 3. small business concern owned and controlled by women		Personal Services determination - review required

Field Name	Field Description	Additional Field Requirement	Field Value Example
Requiring Organization	The organization charged with meeting a mission and delivering requirements. This activity is responsible for delivering the services to meet the mission regardless of whether or not a contract is in effect. The requiring activity may also be the organizational unit that funds the contract actions and/or submits a written requirement, or statement of need, for services required by a contract.	For Military Departments, list the echelon III organization. For fourth estate organizations, list the organizations below the headquarters.	Navy = Naval Base Point Loma.
Contract Number	Data element 1A, Procurement Instrument Identifier, from FPDS-NG or from other source. This field will NOT be published publicly		F09603-10-C-0001 (if a contract) or F09603-10-D-0001-0002 (if a task order issued from an ID/IQ contract)
Product Service Code	Contracted services are coded within the Federal Procurement Data System-Next Generation (FPDS-NG) as Product Service Codes (PSCs). The code that best identifies the service procured	DoD Components shall include contract actions/obligations associated with PSCs listed in guidance enclosure to the 4 digit level.	Q301
Product Service Code Description	Description that matches PSC code reported for a given contract, task/delivery order, contract line item		Q301 = Laboratory Testing Services
Mission of the Contractor	1 of 16 portfolio GROUPS in acquisition of services taxonomy		Knowledge Based Services
Type of Contract	The type of contract that applies to this procurement (example: Firm Fixed Price)		
Fiscal year the activity first appeared on the inventory	This is the fiscal year that the unique contract number first appeared in the inventory.	This field is optional	FY08; FY09; FY10; FY11; FY12; or FY13
Date Signed (FY in Inventory)	The date that a mutually binding agreement was reached. The date signed by the Contracting Officer or the Contractor, whichever is later		
Extent Competed	A code that represents the competitive nature of the contract.		
# of Offers Received	The number of offerors submitting proposals in response to the request for proposals from which the reported contract results.		
CO Bus Size Determination	In accordance with subsection (g)(2) of 10 U.S.C. §2330a, the term "small business concern" means a business concern that meets the applicable size standards prescribed pursuant to section 3(a) of the Small Business Act (15 U.S.C. §632(a)).		Small Business or Other Than Small Business
CCR SBA Cert SDB	In accordance with subsection (g)(2) of 10 U.S.C. §2330a, the term "small business concern owned and controlled by socially and economically disadvantaged individuals" has the meaning given that term in section 8(d)(3)(C) of the Small Business Act (15 U.S.C. §637(d)(3)(C)).	Small Disadvantaged Business	YES or NO
Field Name	Field Description	Additional Field Requirement	Field Value Example
CCR Women Owned	In accordance with subsection (g)(2) of 10 U.S.C. §2330a, the term "small business concern owned and controlled by women" has the meaning given that term in section 8(d)(3)(D) of the Small Business Act (15 U.S.C. §637(d)(3)(D)).	Woman Owned Small Business	YES or NO
Contracting Agency Name	The contracting activity awarding the contract action.		
Contracting Office Name	The name of the contracting office administering the contract ("administering activity")		
Funding Agency Name	The name of the agency providing funds for the contract reported		
Funding Office Name	The name of the office providing the funds for the contract reported		
Appropriation (TAS #)	Per DPAP policy memo "Update to Deployment of Subaward Reporting Requirements for the Federal Funding Accountability and Transparency Act" issued on March 24th, 2011 FPDS captured this information beginning FY11.		
Place of Performance	For contracts with U.S. addresses, use zip+4 from "Contractor Address" to index into a table of congressional districts. For all others, use appropriate country code		
Add for Place of Performance: City	For contracts with U.S. addresses, use City from "Contractor Address"		Washington
Add for Place of Performance: State	For contracts with U.S. addresses, use State from "Contractor Address"		DC
Add for Place of Performance: Country	For all contracts, use Country from "Contractor Address"		United States
Personal Service Determination	In accordance with subsection (j)(5) of 10 U.S.C. §2330a, the term "personal services contract" is defined as a contract under which, as a result of its terms or conditions or the manner of its administration during performance, contractor personnel are subject to the relatively continuous supervision and control of one or more Government officers or employees, except that the giving of an order for a specific article or service, with the right to reject the finished product or result, is not the type of supervision or control that makes a contract a personal services contract.	PSC = R497. During the ICS review, Components will review all contracts, whether field is marked Yes or No, to determine if, in the execution of the contract, the performance by the contractor has become personal in nature. See guidance requirements in Enclosure 1, subsection e.	Yes or No
Obligated Amount	Total amount obligated for contract or task/delivery order in the fiscal year	Provided by the FPDS-NG data set	
Invoiced Amount	Optional field: Total amount invoiced for contract or task/delivery order in the fiscal year	If available, from contract or financial management system, or ECMRA	
Reported (ECMRA) Contractor FTEs	Contractor FTE calculated from direct labor hours reported in ECMRA	Field will be reported if data is available for given contract or task order in ECMRA, otherwise, BLANK	
Derived Contractor FTEs	Contractor FTE calculated from labor factors provided by Army	Field must be completed unless "Reported (ECMRA) Contractor FTE is populated	
Agency/ ODA Comments			

Requiring Organization	Contract Number	Product Service Code	Product Service Code Description (Function of the Contractor)	Mission of the Contractor (1 of 16 portfolio GROUPS in acquisition of services taxonomy)	Type of Contract	Fiscal year the activity first appeared on the inventory	Date Signed (Y in Inventory)	Extent Completed	# of Offers Received	CO Bus Size Determination	CCR SBA Cert SDB	CCR Women Owned	Contracting Agency Name	Contracting Office Name	Funding Agency Name	Funding Office Name	Appropriation (TAS #)	Add for Place of Performance: City	Add for Place of Performance: State	Add for Place of Performance: Country	Place of Performance Zip Code	Personal Service Determination	Obligated Amount	Invoiced Amount	Reported (ECMRA) Contractor FTEs	Derived Contractor FTEs	Agency/ ODA Comments
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Attachment 4

Functions/Work Categories

Functions/Work Categories

Functions (or work), including those under contract, work orders, task orders, etc., as a result of performance in execution (not by intent or description in the statement of work or performance work statement), may be inherently governmental, critical, closely associated with inherently governmental, unauthorized personal services, authorized personal services, or commercial in nature. Statute, Federal Acquisition Regulation, Office of Management and Budget Circular A-76, the Office of Federal Procurement Policy letter 11-01, and Department of Defense (DoD) guidance provide the basis for these categories as follows:

1. **Inherently governmental (IG)** – An activity is IG when it is so intimately related to the public interest as to mandate performance by Federal employees. An IG function requires the exercise of discretion in applying Federal Government authority, the making of value judgments in making decisions for the Federal Government, or the making of judgments relating to monetary transactions and entitlements. It involves the interpretation and execution of the laws of the United States so as to bind the United States to take or not take some action by contract, policy, regulation, authorization, order, or otherwise. Some examples of IG functions include:
 - a. Command of military forces
 - b. Determination of agency policy
 - c. Determination of program priorities for budget requests
 - d. Involve the direction and control of Federal employees
 - e. Involve the direction and control of intelligence and counter-intelligence operations
 - f. Involve the selection or non-selection of individuals for Federal Government employment, including the interviewing of individuals for employment
 - g. Involve the approval of position descriptions and performance standards for Federal employees
 - h. Involve the determination of what Government property is to be disposed of and on what terms
 - i. Involve determining what supplies or services are to be acquired by the Government
 - j. Involve participating as a voting member on any source selection boards
 - k. Involve approving any contractual documents, including documents defining requirements, incentive plans, and evaluation criteria
 - l. Involve awarding contracts
 - m. Involve administering contracts (including ordering changes in contract performance or contract quantities, taking action based on evaluations of contract performance, and accepting or rejecting contractor products or services)

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- n. Terminating contracts
 - o. Determining whether contract costs are reasonable, allocable, and allowable
 - p. Participating as a voting member on performance evaluation boards
 - q. Involve the approval of agency responses to Freedom of Information Act requests
 - r. Involve the conduct of administrative hearings to determine the eligibility of any person for a security clearance, or involve actions that affect matters of personal reputation or eligibility to participate in Government programs
 - s. Involve the approval of Federal licensing actions and inspections
 - t. Involve the determination of budget policy, guidance, and strategy
 - u. Involve the collection, control, and disbursement of fees, royalties, duties, fines, taxes, and other public funds, unless authorized by statute, such as 31 USC 952 (relating to private collection contractors) and 31 USC 3718 (relating to private attorney collection services), but does not include collection of fees, fines, penalties, costs, or other charges from visitors to or patrons of mess halls, post or base exchange concessions, national parks, and similar entities or activities, or from other persons, where the amount to be collected is easily calculated or predetermined and the funds collected can be easily controlled using standard case management techniques; and routine voucher and invoice examination
 - v. Involve the drafting of Congressional testimony, responses to Congressional correspondence, or agency responses to audit reports from the Inspector General, the Government Accountability Office, or other Federal audit entity. IG functions are also listed in FAR Part 7.5
2. **Critical** – Critical functions are “necessary to the agency being able to effectively perform and maintain control of its mission and operations.” Critical functions may be performed under contract; however, the organization must ensure it has an adequate number of positions filled by Federal employees with appropriate training, experience, and expertise to understand the agency’s requirements, formulate alternatives, manage work product, and monitor contractors.
3. **Closely associated with inherently governmental work (CAIG)** – These functions are “other activities performed in conjunction with the IG functions.” Specifically, when functions that generally are not considered to be IG approach being in that category, because of the nature of the function and the risk that performance may impinge on Federal officials' performance of an IG function, agencies must give special consideration to using Federal employees to perform these functions. If contractors are used to perform such work, agencies must give special management attention to contractors' activities to guard against their expansion into IG functions and reduce reliance on such contracted functions to the “maximum extent practicable”. Examples include:

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- a. Services that involve or relate to budget preparation, including workload modeling, fact finding, efficiency studies, and should-cost analyses
 - b. Services that involve or relate to reorganization and planning activities
 - c. Services that involve or relate to analyses, feasibility studies, and strategy options to be used by agency personnel in developing policy
 - d. Services that involve or relate to the development of regulations
 - e. Services that involve or relate to evaluation of another contractor's performance
 - f. Services in support of acquisition planning
 - g. Contractors providing assistance in contract management (such as where the contractor might influence official evaluations of other contractors)
 - h. Contractors providing technical evaluation of contract proposals
 - i. Contractors providing assistance in the development of statements of work
 - j. Contractors providing support in preparing responses to Freedom of Information Act requests
 - k. Contractors working in any situation that permits or might permit them to gain access to confidential business information and/or other sensitive information (other than situations covered by the National Industry Security Program)
 - l. Contractors providing information regarding agency policies or regulations, such as attending conferences on behalf of an agency, conducting community relations campaigns, or conducting agency training courses
 - m. Contractors participating in any situation where it might be assumed that they are agency employees or representatives
 - n. Contractors participating as technical advisors to a source selection board or participating as non-voting members of a source selection board
 - o. Contractors serving as arbitrators or providing alternative methods of dispute resolution
 - p. Contractors constructing buildings or structures intended to be secure from electronic eavesdropping or other penetration by foreign governments
 - q. Contractors providing inspection services
 - r. Contractors providing special non-law enforcement, security activities that do not directly involve criminal investigations
4. **Unauthorized personal services and Authorized personal services** – “A personal services contract is characterized by the employer-employee relationship it creates between the Government and the contractor's personnel. The Government is normally required to obtain its employees by direct hire under competitive appointment or other procedures required by the civil service laws. Obtaining personal services by contract,

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rather than by direct hire, circumvents those laws unless Congress has specifically authorized acquisition of the services by contract.”

Personal services are authorized under very limited circumstances when expressly identified by statute, such as those provided in title 10 USC 129b for experts and consultants where the services cannot be adequately provided by the Department; direct support of a defense intelligence component or counter-intelligence organization of the DoD where the services are urgent or unique and cannot be practically obtained within the Department; direct support of special operations where the services are urgent or unique and cannot be practically obtained within the Department; or provided by individuals outside the United States, regardless of their nationality, and are determined by the Secretary to be necessary and appropriate for supporting the activities and programs of DoD outside the United States; or for carrying out healthcare responsibilities in medical treatment facilities of the DoD pursuant to 10 USC 1091.

Authorized personal services should be designated as such in the Department contract writing system at the time of award after obtaining complete documentation and approvals at the appropriate level. From FAR Part 37.104(f), “Personal services contracts for the services of individual experts or consultants are limited by the Classification Act. In addition, the Office of Personnel Management has established requirements which apply to acquiring the personal services of experts or consultants in this manner (e.g., benefits, taxes, conflicts of interest). Therefore, the contracting officer shall effect necessary coordination with the cognizant civilian personnel office.” Performance of service contracts may become personal in execution as defined above, and so Components must review the performance of the contractors each year to ensure this does not occur.

5. **Commercial** – “A recurring service that could be performed by the private sector. This recurring service is an agency requirement that is funded and controlled through a contract, fee-for-service agreement, or performance by government personnel. Commercial activities may be found within, or throughout, organizations that perform inherently governmental activities or classified work.” (OMB Circular A-76).