



**U.S. COMMODITY FUTURES TRADING COMMISSION**

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**Financial Management  
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**CFTC Service Contract Inventory: FY2016 Analysis Report**

Pursuant to Section 743 of Division C of the FY 2010 Consolidated Appropriations Act, P.L. 111-117, the Commodity Futures Trading Commission (CFTC) has completed the analysis and review of the agency Fiscal Year 2016 Service Contract Inventory to determine if the mix of Federal employees and contractors is effective or if rebalancing may be required.

As required, the agency focused the analysis on the following two (2) special interest functions that we identified to OMB by Product Service Code (PSC):

<u>PSC</u>	<u>PSC Description</u>
D302	IT and Telecom-System Development
R425	Support – Professional Engineering/Technical

The analysis, review and the write-up herein were completed and prepared in consultation with the agency's Chief Information Officer and reflect interviews and input from agency Contracting Officers and Contracting Officer Representatives (CORs). In conducting our analysis we carefully reviewed and considered OMB Memorandum M-09-26, dated July 29, 2009, Office of Federal Procurement Policy (OFPP) proposed policy letter "Work Reserved for Performance by Federal Government Employees" (75 Fed. Reg. 16188; March 31, 2010), the insourcing guidelines required under section 736 of the Financial Services and General Government Appropriations Act, 2009 (Public Law 111-8, division D) and all applicable internal agency guidance pertaining to this subject matter.

The analysis and review revealed that the support activities provided under the outlined special interest functions are neither inherently Governmental, nor are they personal services contracts as defined in FAR 37.104. Current safeguards in place for monitoring contractor services provide reasonable assurance that work does not become inherently governmental during contract performance.

In addition, the analysis and review revealed that the CFTC is not utilizing contractor services to perform agency critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations. Lastly, the analysis revealed that the agency is increasingly relying on contract resources to support its expanded mission as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173) which was enacted in July 2010. The agency faces a number of challenges to effectively manage and oversee contract performance to ensure we remain in compliance with all guidelines and laws regarding the subject matter.

Following is a summary of our review by PSC:

For PSC D302, CFTC's Office of Data Technology (ODT) contractor employees are used to provide Information Technology (IT) systems development and services support based on specialized technical skills that are not performed by ODT staff; but instead, monitored by agency staff project managers. Of the funds obligated under PSC D302, over 62% of the dollars (approximately \$9m) were awarded under BPA CFODT-15-BP-0214. The BPA provides CFTC the ability to adjust to surges in workload required to enhance existing infrastructure requirements as it relates to security, telecommunications, and equipment that are needed as a part of the implementation of new initiatives as well as perform operations and maintenance (O&M) of the network, telecommunications and customer services center. Due to the nature of the work performed and the large percentage of dollars associated with the core infrastructure operations and maintenance task, in FY2014 ODT assigned an FTE IT program manager to manage and oversee the contractor services.

For PSC R425 contractor employees are used to develop, maintain and operate highly technical extraction, transform and load routines required to ingest all operational market and reference data used by CFTC systems. In addition, the contractor employees are required to enhance the data loading process to integrate new data sets and analyze to ensure data quality for all migrations. Of the funds obligated under PSC R425, 64% (approximately \$3.2m) were awarded under Task Order CFODT-15-DO-0146. The task order provides CFTC the ability to adjust the level-of-effort as new data sets are required based on regulatory requirements and integration with disparate Commission applications that utilize the same data are integrated.

ODT project managers track contractor performance via project milestones, project reviews and performance monitoring. All contract support is assigned an ODT IT program manager to manage and oversee various tasks within a contract, which ensures that ODT is maintaining control of missions and operations.

In summary, the CFTC continued to use contractor resources, in particular services provided under the special interest functions noted in our FY2016 Service Contract Inventory, to support agency staff. CFTC can provide reasonable assurance that it complies with laws and regulations governing contract resource use and is committed to undertaking the action necessary to reduce risks in delivery of contract services.

Please do not hesitate to reach out to any of the CFTC personnel listed below if you have any questions about the FY2016 Service Contract Inventory and analysis.

The following contact information is provided:

- (1) The CFTC senior agency management official accountable for the development of agency policies, procedures, and training associated with OFPP Policy Letter 11-01 and addressing the performance of inherently governmental and critical functions is Alice Macklin, Human Capital Analyst, [amacklin@cftc.gov](mailto:amacklin@cftc.gov), 202-418-5860.

- (2) Mrs. Macklin is also the official responsible for ensuring appropriate internal management attention is given to the development and analysis of service contract inventories.
- (3) The CFTC individual who has been designated to serve on the working group responsible for sharing best practices and lessons learned in the use of inventories as a management tool is:
- Kathryn Rison, Contracting Officer, [krison@cftc.gov](mailto:krison@cftc.gov), 202-418-5419.