



September 2019

SUPPORT SERVICE CONTRACTS

NNSA Could Better Manage Potential Risks of Contractors Performing Inherently Governmental Functions

Accessible Version

GAO Highlights

Highlights of [GAO-19-608](#), a report to congressional committees

Why GAO Did This Study

The Department of Energy's NNSA relies on federal employees and contractor personnel to carry out its mission. SSCs fill essential needs, and their use requires special diligence to ensure applicable statutes, regulations, and management practices are followed.

The House report on the National Defense Authorization Act for Fiscal Year 2018 included a provision for GAO to report on NNSA's use of SSCs. This report examines the extent to which: (1) NNSA used SSCs for professional support in fiscal years 2010 through 2018; (2) the information about SSCs in NNSA's annual congressional budget justification materials for fiscal years 2017 through 2020 is complete and useful to support congressional decision-making; and (3) NNSA manages the potential risks of SSCs that it determines are at high risk for providing inherently governmental functions. GAO analyzed agency data; reviewed documentation; and interviewed federal and contractor officials representing a non-generalizable sample of 12 SSCs out of 407, selected to represent a range of years and contract obligations.

What GAO Recommends

GAO is making six recommendations to NNSA, including that NNSA: (1) report information on all professional SSCs to which funds were obligated during the fiscal year; (2) document plans to oversee SSCs that have a high risk of including inherently governmental functions, and (3) verify that the planned oversight occurs. NNSA generally agreed with the recommendations.

View [GAO-19-608](#). For more information, contact Allison Bawden at (202) 512-3841 or bawdena@gao.gov.

September 2019

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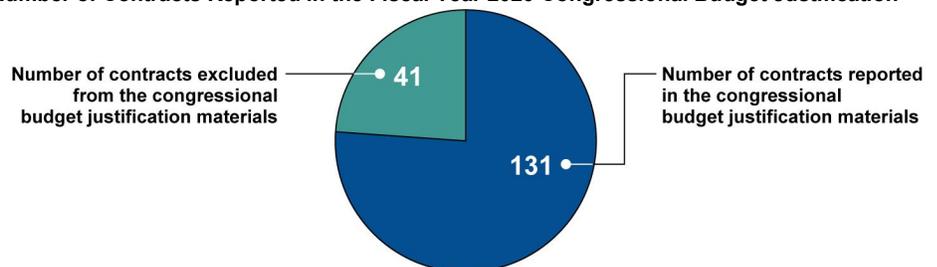
NNSA Could Better Manage Potential Risks of Contractors Performing Inherently Governmental Functions

What GAO Found

The National Nuclear Security Administration (NNSA) obligated about \$193 million in fiscal year 2018 for support service contracts (SSC), an increase of nearly 40 percent since 2010. These contracts provide a variety of professional support services, such as program management support. Officials attribute the increased use of SSCs to increases in appropriations and workload for the modernization of nuclear weapons and related infrastructure and decreases in the number of authorized federal staff due to the decrease in the statutory cap from fiscal year 2014 to 2015.

Information on SSCs in NNSA's congressional budget justification materials is not complete or fully useful for congressional decision-making because, among other things, NNSA did not include information on all of its professional SSCs. NNSA is required to report annually certain information about SSCs, including the number and cost of SSCs, in its materials. NNSA reported information on its SSCs in its materials for fiscal years 2017 through 2020. However, NNSA's reporting was not complete because NNSA excluded information on 31 to 42 contracts each year (see fig. for fiscal year 2020). According to officials, they excluded contracts that expired during the fiscal year. By reporting information on all professional SSCs to which funds were obligated during the fiscal year, NNSA could provide more complete information to Congress that it could use to make better informed decisions about NNSA's annual appropriations levels.

Number of Contracts Reported in the Fiscal Year 2020 Congressional Budget Justification



Source: GAO analysis of National Nuclear Security Administration and Federal Procurement Data System – Next Generation data. GAO-19-608

NNSA may not be effectively managing the potential risks of contractors performing inherently governmental functions—those that must be performed by a government employee—for contracts NNSA identifies as having the potential for providing such functions. NNSA identifies such SSCs through required assessments. However, contracting officers are not required to document planned steps to oversee these contracts, and the agency does not verify that planned oversight is performed. Contracting officers who oversee SSCs can change during the life of a contract. By documenting steps that contracting officers plan to take to oversee contracts with a high risk of including inherently governmental functions—and verifying that the planned oversight occurs—NNSA can better ensure over the life of the contract that the functions contractors are performing do not evolve into inherently governmental functions and that planned oversight is completed.

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Abbreviations

COR	Contracting Officer’s Representative
DOE	Department of Energy
FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System – Next Generation
FTE	full-time equivalent
M&O	Management and Operating
NDAA	National Defense Authorization Act
NNSA	National Nuclear Security Administration
OMB	Office of Management and Budget
SSC	support service contract
STARS	Standard Accounting and Reporting System
STRIPES	Strategic Integrated Procurement Enterprise System

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September 26, 2019

The Honorable James M. Inhofe
Chairman
The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Adam Smith
Chairman
The Honorable Mac Thornberry
Ranking Member
Committee on Armed Services
House of Representatives

The National Nuclear Security Administration (NNSA)—a separately organized agency within the Department of Energy (DOE)—is responsible for, among other things, enhancing national security through the military application of nuclear energy, maintaining and modernizing infrastructure for the U.S. nuclear weapons stockpile, and supporting the nation’s nuclear nonproliferation efforts. Like most federal agencies, NNSA relies on both federal employees and contractor personnel to carry out its mission. NNSA spends a significant amount of its annual appropriations on contracts, including support service contracts (SSC). SSCs are typically multiple year contracts under which a contractor’s personnel perform functions in support of federal personnel. The contracts may cover a broad range of activities, such as information technology support, guard services, and food services.¹ NNSA uses a subset of SSCs for professional support services—referred to as professional SSCs—that

¹The Federal Acquisition Regulation (FAR) defines a service contract as a contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. (48 C.F.R. § 37.101). The Federal Acquisition Regulations System is established for the codification and publication of uniform policies and procedures for acquisition by all executive agencies. The Federal Acquisition Regulations System consists of the FAR, which is the primary document, and agency acquisition regulations that implement or supplement the FAR. FAR §1.101.

include program management support, technical assistance, and engineering and technical services.²

SSCs fill continuing and essential needs of federal agencies, and there are benefits to using contractors, such as meeting short-term demands for support. However, we have previously found that the use of contractors for many of the services categorized as professional and management support increases the risk that contractors may inappropriately influence the government's authority, control, and accountability for decisions.³ Since 1990, we have designated DOE's contract management—which has included both contract administration and project and program management—as a high-risk area because DOE's record of inadequate management and oversight of contractors left the department vulnerable to fraud, waste, abuse, and mismanagement.⁴

According to DOE's Office of Management, the use of SSCs can present unique situations that require special diligence on the part of federal employees to ensure that applicable statutes, regulations, and management practices are followed.⁵ For example, under the Federal Acquisition Regulation (FAR), agencies are prohibited from using contracts, including SSCs, for the performance of inherently governmental functions. According to the FAR, inherently governmental functions are those functions that are so intimately related to the public interest as to mandate performance by a governmental employee. Inherently governmental functions require discretion in applying government authority or value judgments in making decisions for the government; therefore, they must be performed by government employees and not contractors. The FAR provides examples of inherently

²Our review focused on NNSA's use of professional SSCs. For the purposes of this report, we define professional SSCs to include contracts for activities such as program management support, administrative assistance, technical assistance, and engineering and technical services, consistent with the definition of professional SSCs used by NNSA in its annual congressional budget justification materials. We excluded NNSA's Office of Naval Reactors from our review because it is managed as a separate entity within NNSA.

³GAO, *Managing Service Contracts: Recent Efforts to Address Associated Risks Can Be Further Enhanced*, [GAO-12-87](#) (Washington, D.C.: Dec. 7, 2011).

⁴GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

⁵Department of Energy, Office of Management, *Contracting for Support Services*, accessed March 26, 2018, <https://www.energy.gov/management/contracting-support-services>.

governmental functions that include supervising federal employees, determining agency policy, and drafting congressional testimony.⁶

NNSA presents information on its use of SSCs in its annual congressional budget justification materials. Federal agencies prepare budget justifications to provide program information and proposed budget estimates for the next fiscal year.⁷ NNSA's annual congressional budget justification materials include information on SSCs required by the National Defense Authorization Acts (NDAA) for fiscal years 2016 and 2017. Specifically, the fiscal year 2016 NDAA required NNSA to submit an annual report with its budget justification materials to include information on its use of SSCs, such as

- the number of NNSA's SSCs and whether they were funded by "program" or "program direction" funds;
- the number of full-time equivalent (FTE) contractor personnel working under each SSC;
- and the number of FTE contractor personnel who have been working on an SSC for more than 2 years.⁸

In addition to these requirements, the fiscal year 2017 NDAA required that the report include the cost of each SSC. NNSA's Office of Acquisition and Project Management is the lead office for preparing NNSA's information on SSCs that is included in NNSA's annual congressional budget justification materials.

The House report accompanying the NDAA for fiscal year 2018 includes a provision for us to study and report on NNSA's management and use of

⁶48 C.F.R. § 7.503(c).

⁷NNSA's annual congressional budget justification materials provide program information and budget estimates for the following 5 years. This 5-year plan is called the Future-Years Nuclear Security Program, and the budget estimates in this plan reflect funding levels approved by the Office of Management and Budget (OMB).

⁸The fiscal year 2016 NDAA also required the report to contain the number of FTE employees of the NNSA, of which there is a current statutory cap of up to 1,690 FTEs. NNSA receives different appropriations that fund "program" activities and that fund "program direction," the latter of which are available to fund federal salaries and expenses. Throughout this report, we refer to SSCs as program funded or program direction funded to indicate the source of funding for the contract. FTE is a standard measure of labor that equates to one year of full-time work (labor hours as defined in the Office of Management and Budget Circular A-11 each year).

SSCs.⁹ This report examines the extent to which (1) NNSA used professional SSCs in fiscal years 2010 through 2018; (2) the information about SSCs in NNSA's annual congressional budget justification materials for fiscal years 2017 through 2020 is complete and useful to support congressional decision-making; and (3) NNSA manages the potential risks of SSCs that it determines are at high risk for providing inherently governmental functions.

To examine the extent to which NNSA used professional SSCs in fiscal years 2010 through 2018, we obtained and analyzed data on NNSA's professional SSCs for those years from the Federal Procurement Data System—Next Generation (FPDS-NG).¹⁰ To assess the reliability of the data, we performed electronic testing of the data to identify missing data, obvious errors, or outliers and reviewed documentation and determined the data were sufficiently reliable to summarize the number of SSCs, amounts obligated, funding sources, and product service codes for NNSA's SSCs in fiscal years 2010 through 2018. Unless otherwise specified, we report dollar figures in current dollars. In selected places, we also report dollar figures that were adjusted for inflation to constant 2018 dollars using a gross domestic product price deflator. In addition, to understand changes in NNSA's use of SSCs, we analyzed data on NNSA's appropriations and the number of federal FTEs for fiscal years 2010 through 2018. We took a number of steps to assess the reliability of these data, as discussed in appendix I, and found them to be sufficiently reliable to provide information on the changes in appropriations amounts and federal FTEs over the period.

To examine the extent to which the information about SSCs in NNSA's annual congressional budget justification materials is complete and useful to support congressional decision-making, we compared the information on SSCs in NNSA's annual congressional budget justification materials for fiscal years 2017 through 2020 with the requirements in the NDAA for

⁹H.R. Rep. No. 115-200, at 335-336 (2017).

¹⁰FPDS-NG is a web-based tool for agencies to report contract actions. It is a searchable database of contract information that provides a capability to examine data across government agencies and provides managers a mechanism for accessing federal award data.

fiscal years 2016 and 2017.¹¹ We reviewed agency documentation and interviewed NNSA officials to determine how they prepared the information included in the annual congressional budget justification materials.¹² Additionally, we compared the data on SSCs included in NNSA's annual congressional budget justification materials to data in FPDS-NG to determine whether NNSA included all of its SSCs in the budget justification. We compared the information NNSA reported in the annual congressional budget justification materials to DOE's information quality guidelines, particularly the sections of the guidelines related to the completeness and usefulness of information.¹³

To examine the extent to which NNSA manages the potential risks of SSCs that it determines are at high risk for providing inherently governmental functions, we reviewed relevant FAR provisions and NNSA policy documents, and interviewed NNSA officials. We also reviewed performance work statements for a nongeneralizable sample of 12 contracts.¹⁴ We selected our sample from the 407 SSCs listed in NNSA's annual congressional budget justification materials for fiscal years 2017

¹¹NNSA's annual congressional budget justification materials contain data on its use of SSCs as of mid-October of the year prior to submission. For example, NNSA's fiscal year 2020 budget justification—submitted in March 2019—contains information on NNSA's SSCs as of October 2018.

¹²For the purposes of the required reporting on SSCs, NNSA defines its professional SSCs using 77 product service codes that cover various professional, technical, administrative, and information technology functions. Federal agencies use more than 3,000 product service codes to describe the services they purchase. Among these categories—which capture services ranging from utilities and housekeeping services to medical services—are professional and management support services. Product service codes are defined and updated in the *Product and Service Codes Manual*, which is maintained by the General Services Administration.

¹³In 2002, DOE issued information quality guidelines that are intended to provide guidance to DOE offices—including NNSA—on maximizing the quality of information disseminated to the public. The guidelines define quality information to include that the information is presented in an accurate, clear, complete, and unbiased manner and that the information is useful to its intended users. See Department of Energy, *Final Report to the Office of Management and Budget on Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by the Department of Energy* (Washington, D.C.: Oct. 1, 2002).

¹⁴Because this was a nongeneralizable sample, our results are not generalizable to all professional SSCs, but provide examples of the activities performed through professional SSCs. Performance work statements are to describe the activities that the contractor is expected to undertake and how the contractor's performance will be assessed.

through 2019.¹⁵ We selected SSCs that were active in fiscal years 2015 through 2017, ranged in award amounts, and represented work performed for different NNSA offices. We also interviewed NNSA contracting officials responsible for overseeing each of the 12 SSCs in our sample and representatives from 11 of the 12 contractors in our sample to learn how NNSA and the contractors manage the contracts.¹⁶ When referring to the findings from our interviews with contracting officials, we use

- “some” to refer to issues raised in 3 or 4 interviews,
- “several” to refer to 5 or 6 interviews,
- “many” to refer to 7 to 9 interviews, and
- “most” to refer to 10 or 11 interviews.

See appendix I for more detailed information on our scope and methodology.

We conducted this performance audit from October 2017 to September 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

NNSA’s Organization and Its Process to Oversee Its Professional SSCs

NNSA uses professional SSCs in its program offices, headquarters offices, and field offices. Program offices plan and oversee NNSA’s

¹⁵NNSA had not released its annual congressional budget justification materials for fiscal year 2020 at the time we selected our sample. NNSA issued its congressional budget justification materials for fiscal year 2020 in March 2019, and we reviewed the information contained in those materials for our other objectives.

¹⁶One of the contractors in our sample declined to meet with us.

numerous programs and projects and are generally responsible for integrating activities across the agency. NNSA's program offices are:

- Defense Programs,
- Defense Nuclear Nonproliferation,
- Emergency Operations,
- Safety, Infrastructure, and Operations,
- Defense Nuclear Security,
- Counterterrorism and Counterproliferation, and
- Naval Reactors.¹⁷

Headquarters offices generally provide leadership, develop policy and budgets, or provide other functional support across NNSA.¹⁸ The headquarters offices include the offices of:

- the Administrator,
- Acquisition and Project Management,
- Cost Estimating and Program Evaluation,
- External Affairs,
- General Counsel,
- Information Management and Chief Information Officer,
- Management and Budget, and
- Policy.

NNSA also has seven field offices across the country. The field offices are responsible for overseeing NNSA's management and operating (M&O) contractors, including ensuring compliance with federal contracts.¹⁹ To provide oversight of the M&Os, each field office employs

¹⁷As noted above, we excluded the Office of Naval Reactors from our review because it is managed as a separate entity within NNSA.

¹⁸NNSA's headquarters staff are located in Washington, D.C.; Germantown, Maryland; and Albuquerque, New Mexico.

¹⁹M&O contracts are agreements under which the government contracts for the operation, maintenance, or support, on its behalf, of a government-owned or government-controlled research, development, special production, or testing establishment wholly or principally devoted to one or more of the major programs of the contracting agency. See 48 C.F.R. § 17.601.

subject matter experts in areas such as emergency management, physical security, cybersecurity, safety, nuclear facility operations, environmental protection and stewardship, radioactive waste management, quality assurance, business and contract administration, public affairs, and project management. NNSA's field offices are generally located at the sites they oversee. NNSA's field offices are:

- Kansas City Field Office in Missouri,
- Livermore Field Office in California,
- Los Alamos Field Office in New Mexico,
- Nevada Field Office,
- NNSA Production Office in Tennessee and Texas,²⁰
- Sandia Field Office in New Mexico, and
- Savannah River Field Office in South Carolina.

After an office determines that it has an unmet work need, officials are to consult an agency document that outlines the procedures to determine whether to hire a federal employee or use another hiring option, such as an SSC, to meet the office's need.²¹ If, upon consulting the document, officials determine that an SSC is appropriate for their needs, they are then required to contact a representative from NNSA's Office of Acquisition and Project Management to begin the procurement process. This office is responsible for acquisition support and contracting oversight for the agency throughout the acquisition lifecycle.

NNSA's Office of Management and Budget also has responsibilities for SSCs through, among other things, assisting offices in determining the appropriate funding source for contracts and providing advice on the development of performance work statements. Performance work statements provide a clear description of the activities that the contractor

²⁰In January 2013, NNSA awarded a single management and operating (M&O) contract to Consolidated Nuclear Security, LLC for two of NNSA's major production sites that contribute to the maintenance of nuclear weapons and production of their components—the Y-12 National Security Complex in Tennessee and the Pantex Plant in Texas. These two sites were previously managed and operated under separate M&O contracts. Before awarding the consolidated contract, NNSA took steps to consolidate its field offices that oversee the contractor.

²¹NNSA, *Federal and Support Workforce Selection Process*, BOP-310.1 (Washington, D.C.: Oct. 15, 2018).

is expected to undertake and how the contractor's performance will be assessed. NNSA guidance describes the performance work statement as the most important document in a procurement package, as the performance work statement is considered to be the binding agreement under which the contractor must perform.²² In addition, officials must submit a selection justification form to NNSA's Office of Management and Budget for approval.²³

In 2012, NNSA implemented the use of a form specific to SSCs—referred to as a determination form—to help mitigate the risk of awarding SSCs for activities that must be performed by federal employees. The form includes a series of questions to help officials from the office that plans to use the SSC and contracting officers to identify inherently governmental functions when reviewing a performance work statement. According to the determination form, if functions contemplated are closely associated with inherently governmental functions, an official must determine that NNSA has sufficient capacity to give special management attention to the contractor's performance to preclude unauthorized personal services.²⁴ If the support needed includes inherently governmental functions, the agency would not procure the service by contract. After officials confirm the services to be procured do not include work that must be performed by federal employees, officials sign the determination form to indicate that they have sufficient capacity and capability to, among other things, give special management attention to contractor performance, and include the completed form in the contract file.

Once an SSC is awarded, NNSA relies on certain key personnel in various offices to oversee the contractor's performance and ensure that the contractors comply with the terms of a contract. These include:

²²NNSA, *Contracting Nuts and Bolts Participant Guide* (Washington, D.C.: Oct. 22, 2014).

²³A hiring manager is required to complete the form and submit it to the hiring approval manager. Questions on the form include the type of hire, the funding source, and the scope of work.

²⁴Under the FAR, a personal services contract is one that makes contractor personnel appear to be government employees. This can stem from the terms of the contract or in the manner of contract administration. The FAR lists descriptive elements that should be used as a guide in assessing whether or not a proposed contract could be considered personal services in nature. Examples of these elements include performing the service on site, using government-provided equipment, or the need for the type of service is expected to last more than one year, but each contract should be judged on its own facts and circumstances. DOE does not have its own authority to enter into personal services contracts.

- **Contracting officers.** Contracting officers work within NNSA's Office of Acquisition and Project Management and have the authority to enter into, administer, and terminate contracts. Contracting officers, along with program office officials, are responsible for determining the level of risk associated with a contract.²⁵ Further, as part of the acquisition process, the office that identified the need for the SSC works with a contracting official to develop the performance work statement.
- **Contracting officer's representatives (COR).** CORs are nominated by the program office and approved by the contracting officer. CORs are authorized representatives of the contracting officer and have the primary responsibility of overseeing the contractor, assessing performance, accepting deliverables, and reviewing invoices.
- **Task monitors.** Normally assigned by a program office, task monitors assist the COR with oversight of contractor performance.

During the life of a contract, contracting officers and CORs regularly monitor contractors' performance to ensure the contractors are complying with the terms of the contract. This monitoring varies across contracts and can include, for example, reviewing the contractor's monthly invoices or reports and conducting formal annual evaluations. The monitoring activities can also vary based on the types of tasks included in the contract. For example, a contract requiring advanced technical analysis may warrant monitoring that is different from a contract that requires office administrative support. This difference is because the former is a more complex task that may include the review and approval of technical reports or other deliverables. Contracts for office support may not generate such deliverables.

NNSA's Funding Sources for SSCs

NNSA uses three appropriations accounts—or funding sources—to fund its SSCs. The first is NNSA's Federal Salaries and Expenses appropriations account.²⁶ Funding from this account is also referred to as

²⁵According to an agency official, factors that affect risk level include the number of contractor personnel on the contract, the amount of money associated with the contract, the scope of work, and the complexity of the requirement. For contracts that the agency considers riskier in nature, NNSA tasks more experienced contracting officers to oversee them.

²⁶The Federal Salaries and Expenses account was previously named the Federal Salaries and Resources account.

program direction funding in NNSA's annual budget justification materials. This account is generally used to pay for costs associated with NNSA's federal employees, such as salaries, benefits, travel costs, and training, regardless of whether those federal employees work in headquarters, program, or field offices. The annual congressional budget justification materials define the Federal Salaries and Expenses account as used mostly to support the federal workforce. NNSA also uses this account to fund SSCs personnel who provide advice and assistance to a federal employee or in lieu of a federal employee.

Because Federal Salaries and Expenses is the appropriations account used for most costs associated with federal employees, the amount of appropriations for this account helps determine the size of NNSA's federal workforce. In addition, NNSA is subject to a statutory FTE cap on the total number of NNSA employees for each fiscal year. Congress and the President established a statutory cap in fiscal year 2013 that limited the total number of NNSA employees to up to 1,825 by October 1, 2014, and decreased that number in fiscal year 2015 to up to 1,690, where the number remains.²⁷ NNSA can exceed the number of FTEs in the cap by submitting to the congressional defense committees a report justifying such excess.²⁸

The other two sources NNSA uses to fund its SSCs are NNSA's Weapons Activities and Defense Nuclear Nonproliferation appropriations accounts. Funding from these two accounts is referred to in NNSA's annual congressional budget justification materials as program funding.

- **Weapons Activities account.** NNSA uses the Weapons Activities appropriation account to fund programs that provide for: (1) the maintenance and refurbishment of nuclear weapons to continue sustained confidence in their safety, reliability, and performance; (2) the investment in scientific, engineering, and manufacturing capabilities for certification of the enduring nuclear-weapons stockpile; and (3) the manufacture of nuclear weapon components. This account

²⁷National Defense Authorization Act for Fiscal Year 2013, Pub. L. No. 112-239, § 3111 and Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291 § 3116; codified, as amended, at 50 U.S.C. § 2441a. NNSA requested an increase to 1,753 FTEs in its fiscal year 2020 budget justification.

²⁸50 U.S.C. § 2441a.

is also used to fund program offices other than the Office of Defense Nuclear Nonproliferation and Naval Reactors.

- Defense Nuclear Nonproliferation account.** NNSA uses the Defense Nuclear Nonproliferation appropriation account to fund programs: (1) that provide, for example, policy and technical leadership to prevent or limit the spread of materials, technology, and expertise related to weapons of mass destruction; (2) that develop technologies to detect nuclear proliferation; (3) that secure or eliminate inventories of nuclear weapons-related materials and infrastructure; and (4) that ensure a technically trained emergency-management response is available both domestically and worldwide to nuclear and radiological incidents.

Table 1 provides information on the three funding sources and the types of SSCs funded with each source.

Table 1: Funding Sources for National Nuclear Security Administration’s (NNSA) Support Service Contracts (SSC)

Funding source	Description of activities under SSCs funded with this source	Examples of activities
Program direction funds: Federal Salaries and Expenses appropriations account ^a	Advice and assistance provided to a federal employee or in lieu of a federal employee	Supporting federal policy making; ongoing support without a defined near-term end point; providing advisory services
Program funds: Defense Nuclear Nonproliferation appropriations account and Weapons Activities appropriations account	Technical advice and assistance where the tasks are characterized by specific project schedules, milestones, and deliverables or products not in direct support of a federal employee	Implementation of program mission activities; production of deliverables; short-term, specific program-related technical support with a defined endpoint in time and scope

Source: GAO analysis of NNSA guidance | GAO-19-608

^aThe Federal Salaries and Expenses account was previously named the Federal Salaries and Resources account.

Government-Wide Reviews and Internal Studies of SSCs

In recent years, we have reported concerns with federal agencies’ use of SSCs. In December 2011, we found that while agencies increasingly relied on contractors to provide professional and management support services, agencies generally did not consider and mitigate risks of acquiring such services, including the risk that contractors may

inappropriately influence the government's authority, control, and accountability for inherently governmental decisions.²⁹

Additionally, in September 2018, we found that contracts requiring increased management attention, such as contracts for professional and management support services, have posed contractor oversight challenges for federal agencies.³⁰ In that report, we found that there was an increased risk that contractors may perform tasks reserved for the government under contracts like those for management support services. We also found that the Office of Management and Budget (OMB) had taken steps to help agencies reduce some of the risks associated with contracts warranting increased management attention. For example, in September 2011, OMB's Office of Federal Procurement Policy issued a policy letter to executive agencies to provide guidance on managing the performance of contractors performing work that is closely associated with inherently governmental and critical functions.³¹ The letter directed agencies to employ and train a sufficient number of qualified government personnel to provide active and informed management and oversight of contractors' performance where contracts have been awarded for functions closely associated with the performance of inherently governmental functions.

The September 2011 policy letter also provided guidance intended to clarify when governmental outsourcing for services is and is not appropriate. The letter identifies the need to increase management attention to using federal employees when functions that generally are not considered to be inherently governmental approach being in that category because of the nature of the function and the risk that performance may impinge on a federal official's performance of an inherently governmental function. In addition, the policy letter calls for agencies to ensure that they

²⁹[GAO-12-87](#).

³⁰GAO, *Federal Acquisitions: Congress and the Executive Branch Have Taken Steps to Address Key Issues, but Challenges Endure*, [GAO-18-627](#) (Washington, D.C.: Sept. 12, 2018). That report discussed "management" support services, which are comparable to DOE's definition of professional SSCs.

³¹Office of Federal Procurement Policy, *Policy Letter 11-01: Performance of Inherently Governmental and Critical Functions*, 76 Fed. Reg. 56227, September 12, 2011. A critical function is one "that is necessary to the agency being able to effectively perform and maintain control of its mission and operations." The criticality of the function depends on the mission and operations, which will differ between agencies and within agencies over time.

have sufficient internal capability to control their missions and operations for managing critical functions.

In 2013, NNSA's Office of Defense Programs conducted an internal review of its use of nonfederal personnel to accomplish its missions.³² The study resulted in nine recommendations related to SSCs, including:

- developing policy on when to use each of the funding sources for SSCs and policy and guidelines on roles and responsibilities for federal employees;
- providing training for all NNSA employees on the proper use and management of SSCs; and
- evaluating current practices for the appearance of inherently governmental functions and terminating any inappropriate practices.

As of July 2019, NNSA officials said the agency was working to finalize a policy on when to use each of the funding sources for SSCs. To address the recommendations on the two latter issues, NNSA developed training and guidance documents intended to assist staff in managing and working alongside contractors' staff. Specifically, with regard to training, NNSA developed training for all NNSA's federal employees to ensure that those employees understand the role of SSCs in the offices. This training covers, among other things, appropriate behavior and activities for federal staff who work alongside contractor personnel. With regard to guidance, NNSA developed documents that explain appropriate interactions with contractor personnel. For example, NNSA prepared a tip sheet for all staff to assist with maintaining proper relationships with SSC personnel; the tip sheet includes respecting the relationship between a contractor and its employees. NNSA also developed a contracting guide in 2014 that provides information on requirements, policies, and procedures, and that covers contracts for different purposes, including SSCs.³³ The guide also includes descriptions of inherently governmental functions. In addition, NNSA's Office of Management and Budget prepared a memorandum in 2014 for NNSA's program offices to clarify the process for approving the funding source for SSCs.

³²NNSA, *Contractor Assessment Team: Office of Defense Programs Self Assessment* (Washington, D.C.: Oct. 9, 2013).

³³NNSA, *Contracting Nuts and Bolts Participant Guide* (Washington, D.C.: Oct. 22, 2014).

A July 2015 DOE Inspector General review of NNSA's use of SSCs also found potential issues with the management of SSCs, particularly related to contractors' performance of inherently governmental functions.³⁴ For example, the review found that half of the 20 contracts in its sample included contracted services that approached being inherently governmental. The Inspector General's review reiterated the recommendations in the Office of Defense Programs' study and recommended that NNSA track the corrective actions to respond to the recommendations in that study to their completion. According to agency officials and documentation, NNSA has been tracking progress on these recommendations.

In 2018, NNSA completed two workforce studies related to its use of SSCs. A joint workload and organizational analysis by NNSA and the Office of Personnel Management reviewed all program offices' current workloads and federal staffing levels to assess the workforce needs to execute NNSA's missions. The analysis concluded that NNSA did not have enough federal personnel to meet its mission requirements and called for an increase in the number of federal government employee FTEs by 238 over the agency's current statutory cap of up to 1,690, for a total of 1,928.³⁵ The analysis also concluded that the need for additional federal FTEs was driven, in part, by new mission requirements. NNSA's Office of Cost Estimating and Program Evaluation also conducted an assessment of the number of federal personnel and contractors' FTE personnel working on SSCs within each of NNSA's program offices, as well as the appropriate workforce balance between federal and contractor FTEs, among other things.³⁶ This assessment concluded that NNSA should rebalance its workforce by increasing the number of federal personnel to meet current and future missions. NNSA's fiscal year 2020 budget justification materials request 1,753 federal FTEs, an increase of 63 FTEs over the current cap, in order to meet its mission requirements. In our March 2019 High-Risk Update, we stated that Congress should

³⁴Department of Energy, Office of Inspector General, *Special Review: The National Nuclear Security Administration's Management of Support Service Contracts*, OAS-M-15-05 (Washington, D.C.: July 10, 2015).

³⁵NNSA and Office of Personnel Management, *Workload and Organizational Analysis Findings and Results*, (Washington, D.C.: June 2018).

³⁶NNSA's Office of Cost Estimating and Program Evaluation performed this assessment in response to a provision in the National Defense Authorization Act for Fiscal Year 2018. Pub. L. No. 115-91, § 3116(c). See NNSA, *NNSA Red Team Staffing Analysis* (Washington, D.C.: Aug. 6, 2018).

consider working with NNSA to ensure that the statutory cap on staffing is re-examined and is consistent with NNSA's human capital needs, as evaluated in these two studies.³⁷

NNSA Increasingly Used SSCs in Fiscal Years 2010 through 2018 Primarily because of Increased Appropriations and Workload and a Decrease in Authorized Federal Staff

NNSA Increasingly Used SSCs in Fiscal Years 2010 through 2018 for a Variety of Functions

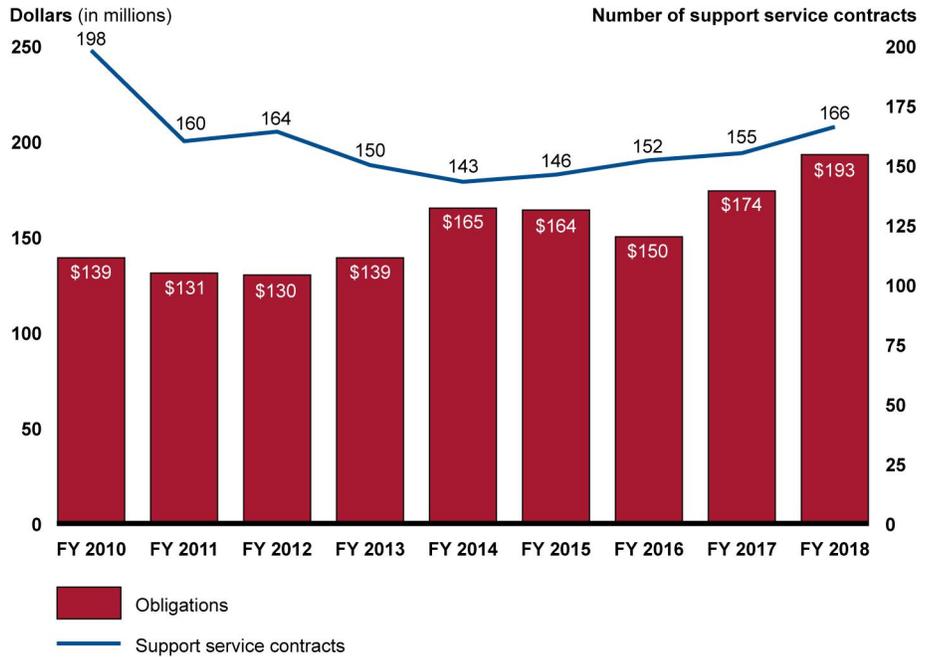
NNSA increasingly used professional SSCs for a variety of functions in fiscal years 2010 through 2018. Specifically, based on our analysis of data from FPDS-NG, NNSA's obligations for SSCs increased from about \$139 million in fiscal year 2010 to about \$193 million in fiscal year 2018 (see fig. 1). This is an increase of \$54 million, or nearly 40 percent, in current dollars.³⁸ The largest increase in NNSA's obligations for SSCs occurred from fiscal year 2013 to 2014 when obligations for SSCs increased by about \$26 million in current dollars—or about 16 percent, when adjusted for inflation to constant 2018 dollars. As discussed previously, in fiscal year 2013, Congress established a cap on the number of NNSA's federal FTEs of up to 1,825 by October 1, 2014. After declining from a high of nearly 200 contracts in fiscal year 2010 to 160 in fiscal year 2011, the number of contracts did not fluctuate as much from fiscal years 2011 through 2018.³⁹

³⁷[GAO-19-157SP](#).

³⁸When adjusted for inflation to constant 2018 dollars, the increase is about \$34 million or 20 percent.

³⁹For this analysis, we counted any contract in which NNSA obligated funding on the contract during the fiscal year as a contract in that fiscal year. If NNSA obligated funding on a contract more than once during the year, we only counted the contract one time.

Figure 1: National Nuclear Security Administration’s (NNSA) Support Service Contracts (SSC) and Obligations for SSCs, Fiscal Years 2010–2018



Source: GAO analysis of Federal Procurement Data System–Next Generation data. | GAO-19-608

Notes: We limited SSCs in our review to those that provide professional support services, such as program management support, administrative support, technical assistance, and engineering and technical services. The number of SSCs for each fiscal year represents the number of contracts to which funding was obligated in that fiscal year, not the number of employees or full-time equivalent employees working on a contract. These data exclude SSCs from the Office of Naval Reactors. Dollars are presented in current dollars.

NNSA used SSCs in nearly all of its offices in recent years (see table 2). The Offices of Defense Programs, Acquisition and Project Management, and Defense Nuclear Security together accounted for more than half of the FTE contractor personnel funded through professional SSCs in fiscal years 2015 through 2018.

Table 2: Number of Full-Time Equivalent (FTE) Contractor Positions Funded through Professional Support Service Contracts by the National Nuclear Security Administration’s (NNSA) Offices, Fiscal Years 2015–2018

Office	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018
Office of Defense Programs	141	190	182	207
Office of Acquisition and Project Management	105	139	148	163
Office of Defense Nuclear Security	102	120	114	112
Office of Defense Nuclear Nonproliferation	127	82	101	93
Office of Emergency Operations	17	12	33	87
Field offices ^a	58	58	50	27
Office of Information Management and Chief Information Officer	122	67	11	50
Office of Counterterrorism and Counterproliferation	22	20	26	48
Office of Safety, Infrastructure, and Operations	0	11	28	31
Office of Management and Budget	38	54	26	26
Office of the Administrator	7	7	5	16
Office of External Affairs ^b	0	18	13	14
Office of General Counsel	9	5	4	5
Total	748	783	741	879

Source: GAO analysis of NNSA data. | GAO-19-608

Note: NNSA reports the total number of contractors’ FTE personnel in its annual budget justification materials, and agency officials provided the underlying data on those FTEs by office for our analysis.

^aNNSA has seven field offices, but not all field offices used support service contracts each fiscal year.

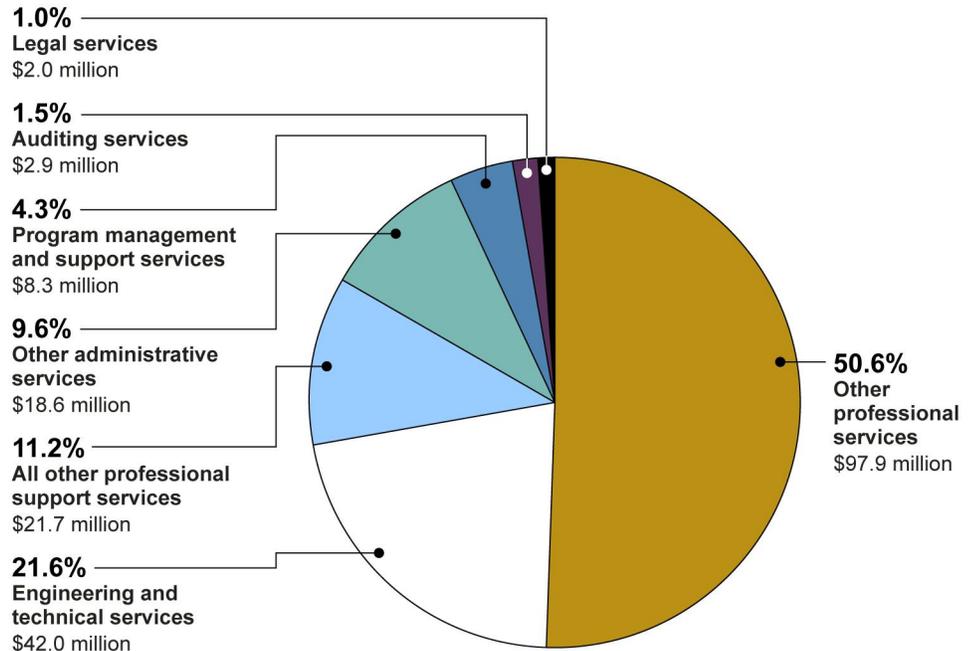
^bAccording to a NNSA official, some SSCs support multiple program offices. In its data, NNSA attributes the FTE contractor positions for a contract to the primary office that is supported by the SSC. Therefore, the total number of FTE contractor positions presented may not align with the number that supports the office. For example, one SSC includes support for the Offices of External Affairs and Management and Budget. According to NNSA officials, three to four FTE contractor positions support the Office of External Affairs and the remaining supported the Office of Management and Budget.

To understand how NNSA used these SSCs, we analyzed the product service codes associated with each of the SSCs. NNSA categorizes each of its SSCs using product service codes that provide some information on the types of tasks to be performed under the contract. NNSA identified 77 codes that define its professional SSCs when it started reporting information on SSCs in its congressional budget justification materials. These codes are arranged in five broad categories: (1) information technology and telecommunications support; (2) environmental consulting and legal support; (3) professional support; (4) administrative support; and (5) management support. Within each category, there are codes for specific activities, as well as a code for “other” support. For example, within the administrative support category, there are specific codes for word processing/typing, paper shredding, and transcription, and there is a

separate code for “other” administrative services that is for tasks that do not fit within the other codes. According to several contracting officers and CORs we interviewed, officials try to select the code that best addresses all of the tasks included in the contract; however, most SSCs encompass a variety of tasks, so contracting officers often select the “other” category. Further, according to officials, if NNSA awards a task order under an existing contract, the task order has the same product service code as was assigned to the existing contract.

As shown in figure 2, based on our analysis of FPDS-NG data, NNSA used three of the 77 product service codes—other professional services, engineering and technical services, and other administrative services—for more than 80 percent of its obligations to SSCs in fiscal year 2018.

Figure 2: National Nuclear Security Administration’s (NNSA) Support Service Contract (SSC) Obligations by Product Service Code Description, Fiscal Year 2018



Source: GAO analysis of Federal Procurement Data System–Next Generation data. | GAO-19-608

Note: “Other professional services” is a product service code within the broader category of professional services. “All other professional support services” includes the product service codes other than the five included in this figure.

Because the product service codes encompass a wide range of activities, we reviewed the performance work statements for the 12 contracts in our sample to gain a greater understanding of the types of activities these

codes may represent. The 12 contracts in our sample used five product service codes. Within those five product service codes, activities in the performance work statements for the 12 contracts in our sample include:

- **Other professional services.** Budgeting and evaluation analyses, technical support in training emergency response personnel, technical assessments and reviews, and policy analysis. One performance work statement included managing and maintaining databases, statistical analysis of budgetary data for decision makers, and programmatic assessments of data management systems for various programs.
- **Engineering and technical services.** Feasibility studies, acquisition planning, analysis of technical alternatives, project planning, risk analysis, general design support, and document preparation. One performance work statement included providing technical training support to the training program manager in a field office.
- **Other administrative services.** Analyzing the economic aspects of foreign nuclear programs, analyzing and producing reports on nuclear security issues in one region, processing correspondence, and data entry. One performance work statement included providing administrative and clerical support for functions such as responding to freedom of information act inquiries and providing support for training procurement, development, and evaluation.
- **Other management support services.** Providing technical coordination and document-editing services and reviewing, assessing, and linking government requirements to project documents. One performance work statement included support for maintaining an effective security program, including revising both federal and contractor sites' requirements and procedures for two facilities and the field office.
- **Program management and support services.** Providing technical and advisory assistance in the design, construction, and operation of NNSA facilities for a certain program, technical evaluations, and technical and analytical support. One performance work statement included expert technical and advisory assistance related to the design, construction, and operation of facilities related to a certain program, including working with M&O contractors in engineering, equipment fabrication, construction, and tests.

NNSA Officials Attributed Increased Use of SSCs to Increases in Available Appropriations and Workload and a Decrease in Authorized Federal Staff

According to NNSA officials, NNSA increased its use of SSCs in fiscal years 2010 through 2018 due to: (1) increases in appropriations under the Weapons Activities appropriations account for additional work and (2) a decrease in the number of authorized federal employee FTEs due to a decrease in the statutory cap from fiscal years 2014 to 2015.

First, as shown in figure 3, NNSA's total appropriations increased from about \$9.9 billion in fiscal year 2010 to \$14.7 billion in fiscal year 2018 in current dollars.⁴⁰ The increase in NNSA's appropriations occurred mainly in the Weapons Activities appropriations account, which increased from \$6.4 billion in fiscal year 2010 to \$10.6 billion in fiscal year 2018 in current dollars.⁴¹ During the same period, NNSA's appropriations for Defense Nuclear Nonproliferation generally remained around \$2 billion per fiscal year in current dollars, and appropriations for Federal Salaries and Expenses—which covers the costs of all federal employees, including those working on Weapons Activities and Defense Nuclear Nonproliferation programs—remained around \$400 million per fiscal year in current dollars.⁴² The increases in appropriations for the Weapons Activities account generally reflect the increasing workload to modernize the nuclear weapons stockpile and its associated infrastructure, as described in the 2010 and 2018 *Nuclear Posture Reviews*.⁴³

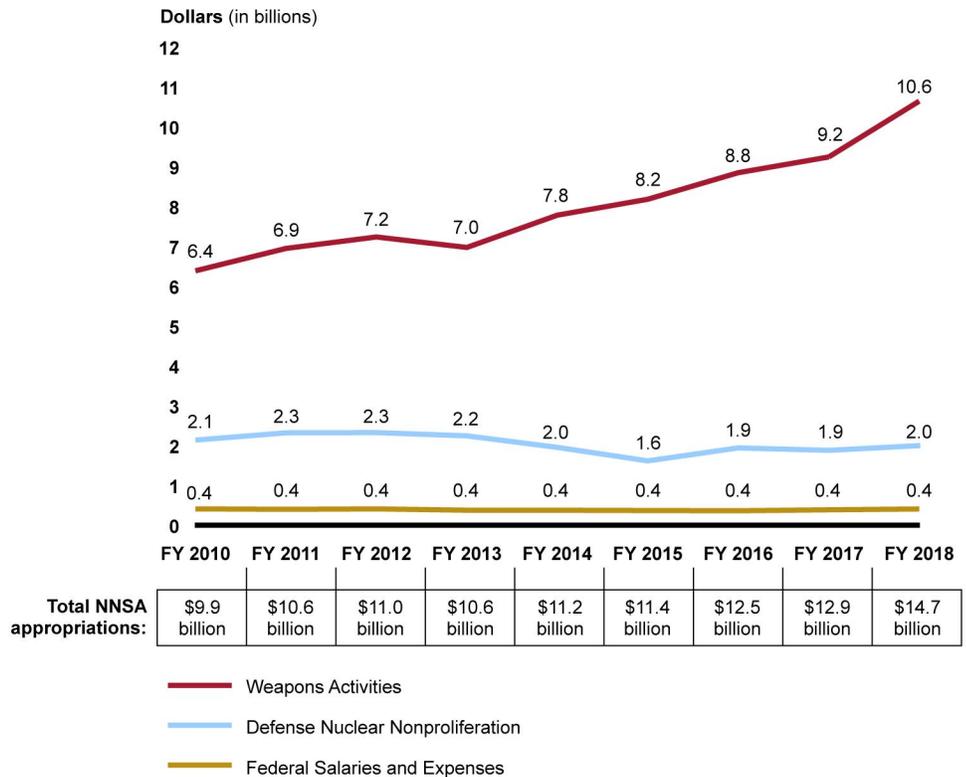
⁴⁰When adjusted for inflation, NNSA's total appropriations increased from about \$11.3 billion to about \$14.6 billion in constant 2018 dollars, a 30 percent increase.

⁴¹When adjusted for inflation, appropriations for the Weapons Activities account increased from about \$7.3 billion to about \$10.6 billion in constant 2018 dollars, an increase of about 45 percent.

⁴²When adjusted for inflation, appropriations for Defense Nuclear Nonproliferation decreased from about \$2.4 billion to about \$2 billion in constant 2018 dollars, a decrease of about 18 percent. Appropriations for Federal Salaries and Expenses decreased about \$63 million in constant 2018 dollars, a decrease of about 13 percent.

⁴³The *Nuclear Posture Review* describes presidential policy on the role of nuclear weapons in national security. See Department of Defense, *Nuclear Posture Review* (Washington, D.C.: Apr. 6, 2010) and *Nuclear Posture Review* (Washington, D.C.: February 2018).

Figure 3: National Nuclear Security Administration’s (NNSA) Appropriations by Account, Fiscal Years 2010–2018



Source: GAO analysis of National Nuclear Security Administration (NNSA) data. | GAO-19-608

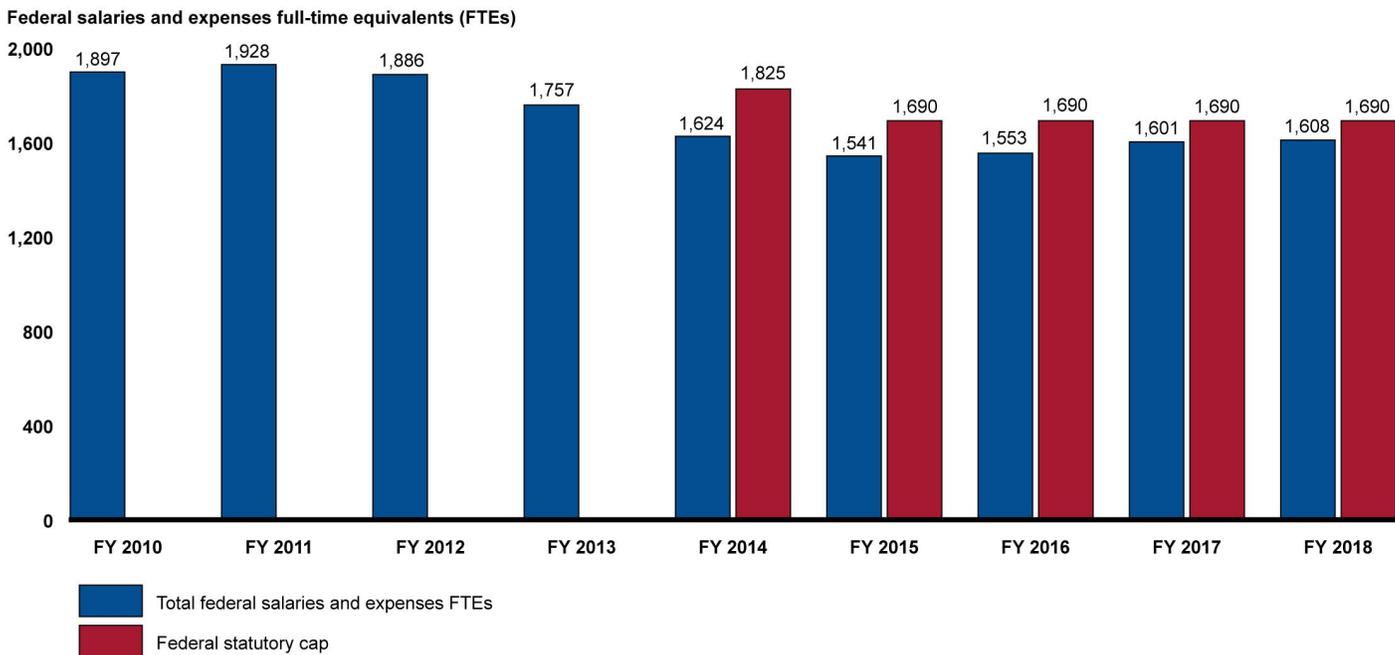
Notes: These amounts are in current dollars and are not inflation-adjusted. The Office of Naval Reactors is outside of the scope of this audit; however, we included appropriations for the Office of Naval Reactors in NNSA’s total appropriations amounts for fiscal years 2010 through 2018. Appropriations for that office ranged from over \$900 million to over \$1.6 billion per year for fiscal years 2010 through 2018.

According to an official in the Office of Defense Programs, that office has increased its use of SSCs because of the increase in refurbishment activities in the nuclear stockpile. Similarly, the internal review by NNSA’s Cost Estimating and Program Evaluation office attributed the increase in NNSA’s use of SSCs since 2012 to an increase in appropriations through the Weapons Activities account. According to an official from that office, the increased appropriations were for additional work related to weapons refurbishment and infrastructure modernization.⁴⁴

⁴⁴See NNSA, *NNSA Red Team Staffing Analysis* (Washington, D.C.: Aug. 6, 2018).

Second, according to several NNSA officials, offices have increasingly used SSCs because of a decline in federal FTEs. As figure 4 shows, the number of NNSA’s federal FTEs funded through the Federal Salaries and Expenses account decreased from 1,897 in fiscal year 2010 to 1,608 in fiscal year 2018, a decrease of 15 percent. According to an NNSA official, this decline in federal FTEs is due, in part, to the annual statutory cap on federal FTEs that was to be implemented by October 1, 2014.⁴⁵ An official explained that, by using SSCs, program offices have been able to accomplish the agency’s missions while remaining under the cap.

Figure 4: NNSA’s Statutory Cap and Federal Full-Time Equivalent (FTE) Positions Funded through the Federal Salary and Expenses Account, Fiscal Years 2010–2018



Source: GAO analysis of National Nuclear Security Administration (NNSA) data. | GAO-19-608

Note: These data represent the number of federal FTEs as of the last pay period of each fiscal year. Congress and the President established a statutory cap that limited NNSA to 1,825 federal FTEs by fiscal year 2014 and 1,690 FTEs in fiscal year 2015, where the number remains.

⁴⁵According to an NNSA official, NNSA also reduced federal FTEs funded through the Federal Salaries and Expenses appropriation account due to caps for certain discretionary spending for federal agencies set in the Budget Control Act of 2011. According to the official, NNSA based these reductions on mission, readiness, and risk. See Budget Control Act of 2011, Pub. L. No. 112-25, §§ 101-106.

Although the number of NNSA's federal FTEs has generally decreased since fiscal year 2010, the change in federal FTEs has differed across program offices. From fiscal years 2013 through 2018, the number of federal FTEs in offices that support programs funded through the Defense Nuclear Nonproliferation appropriations account decreased, while those that support programs funded through the Weapons Activities appropriations account increased.⁴⁶ For example, as shown in table 3, federal FTEs in the Office of Defense Nuclear Nonproliferation decreased by 22 percent from fiscal years 2013 through 2018. In contrast, the number of federal FTEs in the Office of Defense Programs increased 4 percent during the time period. In general, the number of federal FTEs supporting Defense Nuclear Nonproliferation activities has decreased, while appropriations for that office's activities have remained consistent. In contrast, appropriations for Weapons Activities account have increased substantially, while the number of federal FTEs supporting those activities has increased by about 1.5 percent. According to some NNSA officials, SSCs provide the agency with flexibility to address new work needs that are episodic or specialized. This has led NNSA offices to use SSCs more frequently with the increased available appropriations and workload for Weapons Activities while remaining within the statutory FTE cap.

⁴⁶We did not include FTE data by program office prior to 2013 because NNSA changed its organizational structure, and FTE data by program office prior to 2013 are not comparable to the current organization structure

Table 3: Number of Federal Full-Time Equivalent (FTE) Positions by National Nuclear Security Administration's (NNSA) Office in Fiscal Years 2013 and 2018

Office	Number of FTE Positions		Percentage change
	Fiscal year 2013	Fiscal year 2018	
Office of Emergency Operations	88	46	-48
Nevada Field Office	90	71	-21
Los Alamos Field Office	96	75	-22
Livermore Field Office	88	71	-19
Office of Defense Nuclear Security	96	79	-18
Office of Safety, Infrastructure, and Operations	86 ^a	103	20
Office of General Counsel	41	37	-10
Office of Defense Nuclear Nonproliferation	228	178	-22
Office of Information Management and Chief Information Officer	35	34	-3
Office of Acquisition and Project Management	159	170	7
Office of Management and Budget	237	192	-19
Office of External Affairs	14	12	-14
NNSA Production Office ^b	137	124	-10
Sandia Field Office	80	83	4
Kansas City Field Office	38	39	3
Savannah River Field Office	30	30	0
Office of the Administrator	27	18	-33
Office of Defense Programs	176	183	4
Office of Counterterrorism and Counterproliferation	11	51	364
Office of Cost Estimating and Program Evaluation	N/A ^c	12	
Total	1,757	1,608	-9

Source: GAO analysis of NNSA data | GAO-19-608

^aThe number of federal FTE positions listed in the Office of Safety, Infrastructure, and Operations in fiscal year 2013 includes federal FTEs in NNSA's Office of Infrastructure and Operations and Office of Safety and Health, which were approved for merger in 2014.

^bIn January 2013, NNSA awarded an M&O contract for two of NNSA's major production sites that contribute to the maintenance of nuclear weapons and production of their components—the Y-12 National Security Complex in Tennessee and the Pantex Plant in Texas. These two sites were previously managed and operated under separate M&O contracts.

^cCongress established a Director for the Office of Cost Estimating and Program Evaluation under the National Defense Authorization Act for Fiscal year 2014.

Information on SSCs in NNSA's Budget Justification Materials Is Not Complete, and

Some Information Is Not Fully Useful to Support Congressional Decision-making

Starting in fiscal year 2017, NNSA reported information on SSCs in its annual congressional budget justification materials, but the information was not complete because NNSA did not include data on (1) all of its professional SSCs or (2) the number of FTE contractor personnel who worked under an SSC for more than 2 years, as required by the fiscal year 2016 NDAA. Additionally, some of the information NNSA reported was not fully useful to support congressional decision-making because it did not present the cost of SSCs in terms of obligations for 1 fiscal year and did not identify the specific appropriations accounts used to fund SSCs.

NNSA Reported Information on SSCs in Its Annual Congressional Budget Justification Materials

The NDAAs for fiscal years 2016 and 2017 require NNSA to report annually certain information on its use of SSCs in its congressional budget justification materials.⁴⁷ NNSA reported information on its SSCs in its annual congressional budget justification materials for fiscal years 2017 through 2020, its most recent justification.⁴⁸ Figure 5 shows an excerpt of the SSC information NNSA reported in its fiscal year 2020 annual congressional budget justification materials.

⁴⁷National Defense Authorization Act for Fiscal Year 2016, Pub. L. No. 114-92, § 3138 and Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328, § 3136; codified, as amended, at 50 U.S.C § 2441a.

⁴⁸NNSA’s annual congressional budget justification materials contain data on its use of SSCs as of mid-October of the year prior to submission. For example, NNSA’s fiscal year 2020 budget justification—submitted in March 2019—contains information on NNSA’s SSCs as of October 2018.

Figure 5: Excerpts of Information on Support Service Contracts (SSC) from the National Nuclear Security Administration’s Annual Congressional Budget Justification Materials for Fiscal Year 2020

Vendor Name	Contract Number	Order Number (“Unavailable where orders do not exist”)	Fund Description	Obligations to Date	Maximum Value (Ultimate Value incl. options)	Total FTEs
Alutiq Commercial Enterprises LLC	NA0002827	Unavailable	FSE	\$4,264,461	\$7,040,109	11.00
American Federal Security and K-9 Solutions - 2, LLC	NA0002253	Unavailable	Program	\$3,102,951	\$3,102,951	19.00

Vendor Name	Contract Number	Order Number (“Unavailable where orders do not exist”)	Fund Description	Obligations to Date	Maximum Value (Ultimate Value incl. options)	Total FTEs
JDG ASSOCIATES, INC.	GS-22F-9735H	DT0005869	Both	\$349,005	\$356,500	1.00
Lakeworth Group, LLC, The	NA0002552	Unavailable	Program	\$397,262	\$3,990,443	0.25

Excerpts from the NNSA Fiscal Year 2020 Congressional Budget Request



Vector Resource, Inc	GS-00F-0004U	DT0012586	Program	\$15,881,177	\$37,034,897	27.50
WYANT DATA SYSTEMS, INC	GS-35F-0557K	DT0010108	Program	\$5,500,000	\$6,952,743	9.00
Grand Total				\$433,018,209	\$823,545,249	883.66

Source: National Nuclear Security Administration’s (NNSA) Fiscal Year 2020 Congressional Budget Justification, March 2019. | GAO-19-608

Legend:

Both – indicates that NNSA funded the contract with funds from program and federal salaries and expenses appropriations.

FSE – Federal salaries and expenses, one of NNSA’s appropriations accounts.

FTE – Full-time equivalent, a standard measure of labor that equates to one year of full-time work.

Note: These excerpts are from three sections of the table in NNSA’s Fiscal Year 2020 Congressional Budget Justification concerning SSCs. NNSA’s annual congressional budget justification materials contain data on the agency’s use of SSCs as of mid-October of the year prior to submission. For example, NNSA’s fiscal year 2020 budget justification—submitted in March 2019—contains information on NNSA’s SSCs as of October 2018.

NNSA obtained data for the first six columns of the information on SSCs reported in the fiscal year 2020 congressional budget justification materials from its accounting and contracting systems, called the Standard Accounting and Reporting System (STARS) and Strategic Integrated Procurement Enterprise System (STRIPES), respectively.⁴⁹ The vendor name column identifies the name of the contractor performing the work. The contract number and order number columns provide the unique identifier that NNSA uses for the contract. If an SSC is a task order pursuant to an indefinite delivery/indefinite quantity contract, an order number is listed; otherwise the information is listed as “Unavailable.”⁵⁰ The fund description column identifies the funding source for the contract—either (1) “Program” funding or (2) “FSE,” the latter of which represents SSCs funded through the Federal Salaries and Expenses appropriations account, which is also referred to as program-direction funding. In a few instances, the budget justification identifies the funding source as “both”—meaning both program funding and Federal Salaries and Expenses funding was combined to fund the contract. The “obligations to date” column provides the amount that NNSA has obligated on the contract since it was awarded. The “maximum value” column provides the total amount that could be obligated on the contract through the contract term and any options.

NNSA collected the data on the number of FTE contractor personnel under each SSC—presented in the last column of figure 5—manually. Each year, the Office of Acquisition and Project Management requests information from contracting officers—in collaboration with program offices, CORs, and contractor staff, if needed—on the number of FTE contractor personnel working under contracts for professional SSCs. The information that the Office of Acquisition and Project Management provided to contracting officers states that each FTE represents 2,080 hours, each full-time employee is 1 FTE, and those who are less than full-time should be a portion of an FTE. According to NNSA officials, the agency uses this methodology for reporting FTE contractor personnel

⁴⁹Since NNSA started reporting the SSC information in the Fiscal Year 2017 Congressional Budget Justification, the table with the SSC information has been updated with additional information.

⁵⁰Indefinite delivery/indefinite quantity contracts— which can be awarded to one or more contractors for the same or similar products or services—are used to acquire products or services when the exact quantities and times of future deliveries are not known at the time of award. Such contracts provide for the issuance of orders, which are used to procure specific products or services during the period of the contract.

because the contracts do not require vendors to use a specific number of personnel to complete the work. Rather, the contractors determine the amount of labor needed to complete the scope of work under the contract.

Information on SSCs in NNSA's Budget Justification Materials Is Not Complete

The information that NNSA reported on its professional SSCs in its annual congressional budget justification material was not complete because NNSA did not report information on all of its professional SSCs or on the number of FTE contractor employees who worked on the contract for more than 2 years, as required by the fiscal year 2016 NDAA. Reporting this information could provide some insight into how NNSA is using its SSCs and whether any of these contracts present increased risk for performance of personal services.

Budget Justification Materials Do Not Include Information on All Professional SSCs

Among other information, the NDAA for fiscal year 2016 required NNSA to include annually in its congressional budget justification materials a report on the number of its SSCs, as of the date of the report.⁵¹ Rather than report the number of SSCs, NNSA reported the names of vendors in its budget justifications. In its fiscal year 2017 congressional budget justification materials, NNSA reported the names of vendors but did not list the number of contracts it awarded to each vendor.⁵² In its congressional budget justification materials for fiscal years 2018 through 2020, NNSA reported the names of vendors and the contract number for each contract with a vendor. A count of the contracts included in NNSA's annual congressional budget justification materials for this period showed NNSA used from 127 to 152 SSCs in fiscal years 2017 through 2020.

⁵¹Pub. L. No. 114-92, § 3138(f)(2).

⁵²NNSA consolidated information for all of the SSCs awarded to a vendor in its fiscal year 2017 annual congressional budget justification materials. The fiscal year 2017 annual congressional budget justification materials listed 39 vendor names. NNSA provided us the data that supported its analysis, which included 152 contracts awarded to the 39 vendors.

NNSA officials involved with preparing the information included in the annual congressional budget justification materials said they made decisions on which SSCs to include and which to exclude based on the statutory language. According to these officials, because the requirements in the NDAA specified that NNSA was to report the data on the number of SSCs “as of the date of the report,” the officials interpreted that to mean they should only include contracts that were active on the date they queried their accounting and contracting databases. The officials said they excluded SSCs for which the contracts expired before NNSA officials prepared the information for the annual congressional budget justification materials. To prepare the information, the officials said that they obtained data on all contracts that were active on the day they queried the database, which was in mid- to late-October. The officials said that if a contract’s performance period ended prior to that date, they did not include the contract in the annual congressional budget justification materials, even if NNSA obligated funds to the contract in that year. For example, if a professional SSC reached the end of its 5-year term on September 15, 2018, that contract would not be included in NNSA’s reporting on SSCs for fiscal year 2018. However, according to the officials, information on the contract would have been included in the annual congressional budget justification materials in the 4 prior fiscal years.

Although NNSA reported on SSCs that were active as of the date the officials queried the database in its congressional budget justification materials, this information is not complete because NNSA did not report information on all of the professional SSCs to which it obligated funds in those years. According to our analysis of data from FPDS-NG, NNSA excluded from 31 to 42 contracts each year from its annual congressional budget justification materials for fiscal years 2017 through 2020.⁵³ These unreported contracts accounted for from about \$10 million to \$31 million in obligations for SSCs each year, as shown in table 4.

⁵³For our analysis, we used NNSA’s definition of professional SSCs.

Table 4: Comparison of Contracts Reported in and Excluded from the National Nuclear Security Administration’s (NNSA) Congressional Budget Justification Materials, Fiscal Years 2017–2020

Fiscal year of congressional budget justification materials	Number of contracts reported in annual congressional budget justification materials	Number of contracts excluded from annual congressional budget justification materials	Amount obligated on excluded contracts ^a
2017	152 ^b	31	\$30.5 million
2018	128	30	\$10.4 million
2019	127	42	\$30.1 million
2020	131	41	\$12.0 million
Total	538	144	\$83.0 million

Source: GAO analysis of NNSA and Federal Procurement Data System – Next Generation data. | GAO-19-608.

Note: NNSA’s annual congressional budget justification materials contain data on its use of support service contracts (SSC) as of mid-October of the year prior to submission. For example, NNSA’s fiscal year 2020 budget justification—submitted in March 2019—contains information on NNSA’s SSCs as of October 2018.

^aObligations data represent the amount NNSA obligated to the contract in one year and are in current dollars.

^bNNSA consolidated information for all of the SSCs awarded to a vendor in its fiscal year 2017 annual congressional budget justification materials. The fiscal year 2017 annual congressional budget justification materials listed 39 vendor names. NNSA provided us the data that supported its analysis, which included 152 contracts awarded to the 39 vendors

The SSCs NNSA reported in the annual congressional budget justification materials align with the reporting requirements in the NDAs for fiscal years 2016 and 2017. However, this information does not provide complete information on the number of SSCs that NNSA used or for which the agency obligated funds at some point during the fiscal year and does not disclose which contracts were excluded. For each SSC that NNSA excludes from its annual congressional budget justification materials, Congress does not have information, such as the amount obligated, number of FTE contractor personnel, or funding source—information that could assist congressional decision-making about NNSA’s workforce and annual appropriations levels. By reporting information on all professional SSCs to which funds were obligated during the fiscal year in its annual congressional budget justification materials, NNSA could provide more complete information on the number of SSCs used to meet mission requirements, assisting Congress in making better informed decisions about NNSA’s annual appropriations levels.

Budget Justification Materials Do Not Include the Number of Contractor FTE Employees Working under Each Contract for More Than 2 Years

The NDAA for Fiscal Year 2016 requires NNSA to report annually in its congressional budget justification materials on the number of FTE

contractor personnel who have been working under each SSC for more than 2 years. NNSA did not provide this information in its annual congressional budget justification materials for fiscal years 2017 through 2020 because, according to the budget justification materials, NNSA does not collect information on individual contractor personnel from vendors. Specifically, NNSA included statements in its annual congressional budget justification materials for fiscal years 2017 through 2020 that the agency does not have information to address this requirement and that it is the responsibility of each individual contractor to determine who will perform the scope of work required by the terms and conditions of each contract. According to NNSA's Office of the General Counsel, NNSA does not collect information on an individual contractor's personnel because the vendor—not NNSA—is the employer for contractor's employees and NNSA does not want to appear as if the agency is also their employer. Additionally, NNSA officials said that the agency does not have access to the personnel systems of its vendors and would not have information on whether contractor personnel worked on a contract for more than 2 years available to include in the annual congressional budget justification materials. NNSA officials also stated that they do not want to collect the names of individual contractors, although the NDAA for fiscal years 2016 and 2017 do not require NNSA to collect or report the names of individual contractor personnel working on contracts for more than 2 years.

NNSA officials currently have access to information, such as employee badge records and office organizational charts, that can be used to develop notional, or approximate, information on the number of FTE contractor personnel who have worked on an SSC for more than 2 years.⁵⁴ For example, we reviewed current organizational charts for several NNSA organizations that included the names of SSC personnel. Additionally, NNSA officials said that they could require vendors to track and report data on FTE contractor personnel assigned to an SSC for more than 2 years to NNSA on an annual basis. However, in addition to raising concerns about the perception of being a co-employer of the contractor personnel, the officials said that this additional requirement could increase contract costs and could be an administrative burden for NNSA and the contractors. Further, NNSA officials said it would be difficult to obtain the FTE data from vendors because, among other things, vendors' methods for calculating FTE contractor personnel may

⁵⁴Using information, such as badge records or office organizational charts, has limitations, but could be used to provide a sense of the number of FTE contractor personnel on a contract for more than 2 years if this information were collected over time.

vary from contract to contract and contractor personnel may work on a contract for only part of the year. The officials said the information would therefore need to be caveated significantly and may not be reliable. We understand the challenges in collecting the information; however, Congress has not modified or eliminated this reporting requirement in statute.

In addition, the FAR identifies one element that may indicate a personal services contract as a service that can reasonably be expected to last more than 1 year.⁵⁵ In a July 2015 report, the DOE's Inspector General identified 14 contracts out of its sample of 20 that exhibited one or more characteristics of a personal services contract.⁵⁶ According to the report, this situation could lead observers to question NNSA's management of its SSCs, although the report did not find any clear violations. The report also stated that the Office of Defense Programs' self-assessment found that many contractor employees appeared to be assigned to particular organizations for multiple years.⁵⁷ However, NNSA cannot know the number of FTE contractor personnel who have been working under each SSC for more than 2 years because it does not collect this information. By collecting the information as required by law, NNSA could provide Congress—as well as its own decision makers—with greater insight into how NNSA is using its SSCs, including whether these SSCs display any of the characteristics of personal services contracts.

⁵⁵The FAR provides a list of descriptive elements that should be used as a guide in assessing whether or not a proposed contract is personal in nature. Examples of these elements include the nature of the service or the manner in which it is provided, reasonably requires directly or indirectly, government direction or supervision of contractor employees. Whether the need for the type of service is expected to last more than one year is one example, but each contract should be judged on its own facts and circumstances.

⁵⁶Department of Energy, Office of Inspector General, *Special Review: The National Nuclear Security Administration's Management of Support Service Contracts*, OAS-M-15-05 (Washington, D.C.: July 10, 2015).

⁵⁷In March 2013, NNSA's Office of Defense Programs initiated a self-assessment on the use of non-federal personnel.

Some Information on SSCs in NNSA's Congressional Budget Justification Materials Is Not Fully Useful to Support Congressional Decision-making

NNSA reported information on obligations and funding sources used for SSCs in its annual congressional budget justification materials for fiscal years 2018 through 2020. However, some of the information is not fully useful to support congressional decision-making because it presents obligations for SSCs over multiple fiscal years, instead of presenting such obligations annually, and does not identify the specific program's appropriation accounts, such as Weapons Activities and Defense Nuclear Nonproliferation, used to fund the contracts, as required by the fiscal year 2017 NDAA.

Congressional Budget Justification Materials Present Obligations over Multiple Fiscal Years

The NDAA for fiscal year 2017 directs NNSA to report annually in its congressional budget justification materials on the cost of each SSC, as of the date of the report.⁵⁸ According to NNSA officials who prepared the information, in the absence of specific guidance from Congress on the information to report, NNSA reported the obligations to date and the maximum value for each contract in its annual congressional budget justification materials for fiscal years 2018 through 2020 (see fig. 5). According to NNSA officials, the obligations-to-date column in the annual congressional budget justification materials represents the cumulative obligations on each contract from when it was awarded through the October prior to the submission of the materials, and the maximum value column represents the maximum amount that NNSA can obligate on the contract over the contract's base term and any options.⁵⁹

NNSA officials told us they reported the obligations to date and maximum value of the contracts because they determined that these measures met the definition for reporting information on the cost of the contracts, as required by the NDAA. According to the officials, they determined that

⁵⁸National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328, § 3136.

⁵⁹According to NNSA's fiscal year 2020 annual congressional budget justification materials, the typical length of an SSC is 5 years. SSCs can have, for example, a 2-year base contract term and three additional 1-year options that could extend a contract to a total of 5 years.

obligations by fiscal year did not provide the total cost of an SSC because NNSA obligates funds on SSCs over multiple years, but the officials could provide obligations data by fiscal year if directed by Congress to do so. Additionally, NNSA officials said that the NDAA did not prescribe how the information was supposed to be reported, and they made a professional judgment on how best to report it.

According to DOE's information quality guidelines, the quality of information is measured, in part, by its utility, which the guidelines defined as the usefulness of the information to intended users.⁶⁰ Because the information on the costs of SSCs is required to be included in NNSA's report in its annual congressional budget justification materials, the intended users of the SSC information are the congressional appropriations and authorizing committees.

However, staff from the Senate and House Armed Services Committees told us that the information on the cost of SSCs in the annual congressional budget justification materials was not fully useful because NNSA reported the amounts obligated over multiple fiscal years. By reporting information in this way, the cost data are not consistent across contracts and are not consistent with other information presented in the budget justification. Specifically:

- **Cost data are not consistent across contracts.** For fiscal years 2018 through 2020, NNSA presented the data on obligations to date and maximum value of the contract without identifying the period of time included for each individual contract. This period of time, particularly for the obligations-to-date data, could vary significantly and could represent a period of a few months if the contract was awarded late in the year or multiple years if a contract was reaching the end of its term and option periods. For example, NNSA reported obligating about \$3.5 million on one SSC in its fiscal year 2019 annual congressional budget justification materials. Based on our analysis, NNSA obligated this amount over 4 years in amounts ranging from about \$170,000 to about \$1.2 million per year.
- **Cost data are not consistent with other information in the budget justification.** Other information in the annual congressional budget justification materials—which is used to support annual appropriations

⁶⁰Department of Energy, *Final Report Implementing Office of Management and Budget Information Dissemination Quality Guidelines* (Washington, D.C.: Oct. 1, 2002).

decisions or the budget request for the coming year—is subject to requirements in OMB’s Circular A-11, which states that agencies should generally present financial information in terms of budgetary resources by year in the annual congressional budget justification materials.⁶¹ As presented, users of the annual congressional budget justification materials could be unintentionally misled by the information that NNSA reported on its SSCs. For example, NNSA reported in its annual congressional budget justification materials for fiscal year 2020 that the maximum contract value for its SSCs in fiscal year 2018 totaled about \$824 million and included 884 FTE contractor personnel, as shown in figure 5. Although the columns are labelled appropriately, users of the annual congressional budget justification materials could misinterpret the information to include obligations over a single year, and the user could—incorrectly—assume that NNSA spent an average of about \$930,000 per contractor FTE.⁶²

We agree that obligations to date and maximum contract value are measures of the costs of SSCs. However, by also reporting annual obligations data by fiscal year, as part of NNSA’s reporting on SSCs in annual congressional budget justification materials, NNSA could more accurately represent its annual budgetary needs for the support needed to perform its missions. This information could help NNSA in its workforce planning and also provide congressional decision-makers with a more comprehensive understanding of how NNSA uses SSCs to supplement its workforce

Budget Justification Materials Do Not Identify Specific Appropriations Accounts Used to Fund SSCs

The NDAA for Fiscal Year 2016 directs NNSA to report annually in its congressional budget justification materials whether program or program-direction funds supported each SSC as of the date of the report.⁶³ NNSA identified whether it funded each SSC through “program” or “Federal Salaries and Expenses” (which is program direction) accounts in its congressional budget justification materials for fiscal years 2017 through

⁶¹OMB, *Circular No. A-11, Preparation, Submission, and Execution of the Budget*, (Washington, D.C.: June 2018).

⁶²Our analysis showed that the average amount of obligations per FTE contractor personnel was about \$219,000 for fiscal year 2018. This figure includes both salary and related expenses, such as travel costs.

⁶³Pub. L. No. 114-92, § 3138(f)(2) (codified at 50 USC § 2441a(f)(2)).

2020 and totaled the cost data—which, as discussed earlier, represent multiple fiscal years of contract obligations—included in the table across all reported contracts (see fig. 5).⁶⁴

As previously discussed, according to DOE’s information quality guidelines, quality information is measured by the usefulness of the information to the intended users.⁶⁵ Staff from the Senate and House Armed Services Committees told us that the information on the funding source reported in the annual congressional budget justification materials was not fully useful because the budget justifications did not specify which program appropriation account—“Weapons Activities” or “Defense Nuclear Nonproliferation”—NNSA used to fund the SSCs and did not total the obligations by funding source.⁶⁶ According to NNSA officials, they reported what was required by law. The NDAA directs NNSA to identify the funding source—either program or program direction accounts—for each SSC but does not specify that NNSA must report on the specific appropriations account or total the amount obligated by account.

Based on our analysis of FPDS-NG data, NNSA’s obligations to SSCs varied significantly across the three appropriations accounts. For example, in fiscal year 2018, 84 percent of NNSA’s obligations for SSCs (about \$162 million of the \$194 million obligated for SSCs in that year) were from program appropriations and 15 percent (over \$29 million) were from the Federal Salaries and Expenses account (see fig. 6).⁶⁷ Of the amounts obligated for SSCs from program accounts in fiscal year 2018, 65 percent were from the Weapons Activities account, with the remaining 35 percent from the Defense Nuclear Nonproliferation account. These

⁶⁴In a few instances, the budget justification identifies the funding source as “both”—meaning both program funding and Federal Salaries and Expenses.

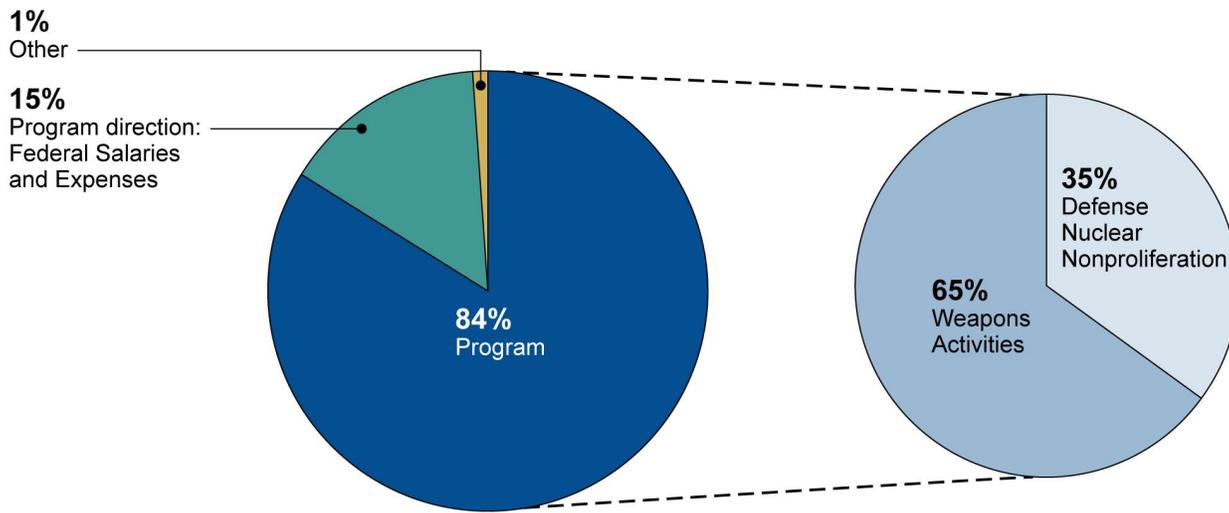
⁶⁵Department of Energy, *Final Report to the Final Report Implementing Office of Management and Budget Information Dissemination Quality Guidelines* (Washington, D.C.: Oct. 1, 2002).

⁶⁶Elsewhere in the annual congressional budget justification materials, NNSA identified the amount obligated for SSCs from the Federal Salaries and Expenses appropriations account. However, the section of the annual congressional budget justification materials that NNSA identified as responding to the requirements in the NDAA do not include totals for the cost data in the table on SSCs (see fig. 5).

⁶⁷These amounts are based on our analysis of FPDS-NG data, which include the obligations on SSCs for 1 year—2018—for all professional SSCs to which NNSA obligated funds in the year, rather than the amounts that NNSA reported in its congressional budget justification materials.

amounts represent about 1 percent of the total appropriations for Weapons Activities and about 3 percent for Defense Nuclear Nonproliferation.

Figure 6: National Nuclear Security Administration’s (NNSA) Obligations for Support Service Contracts (SSC) in Fiscal Year 2018, by Funding Source



Source: GAO analysis of Federal Procurement Data System–Next Generation data. | GAO-19-608

Notes: This analysis includes only NNSA’s professional support service contracts, such as program management support, technical assistance, and engineering and technical services.

“Other” funding sources include seven contracts that were funded through appropriation accounts other than Federal Salaries and Expenses, Weapons Activities, and Defense Nuclear Nonproliferation accounts.

NNSA is reporting whether program or program direction funds support the contracts, as required. As previously discussed, NNSA guidance states that offices should use program funding for SSCs that produce deliverables and short-term, specific program-related technical support. However, by reporting in NNSA’s annual congressional budget justification materials the specific program appropriations account—Weapons Activities or Defense Nuclear Nonproliferation—used to fund each SSC and totaling the amounts obligated by appropriations account, NNSA would have more reasonable assurance that Congress had insight into which programs the SSCs supported. This reporting could facilitate congressional oversight of NNSA’s use of funds for SSCs by account and could assist NNSA in workforce planning should Congress reevaluate its FTE cap.

NNSA May Not Be Effectively Managing Potential Risks of Contractors Performing Inherently Governmental Functions

NNSA identifies SSCs that are more likely to have the potential of including inherently governmental functions in its input to DOE's annual service contract inventory analysis and its determination forms, but the agency may not be effectively managing the potential risks of SSCs that it determines may include such functions. The Consolidated Appropriations Act, 2010, requires civilian agencies to submit to OMB annual inventories of their service contracts.⁶⁸ According to OMB guidance, the service contract inventory is a tool to assist an agency in better understanding how contracted services are being used to support mission and operations.⁶⁹

NNSA's input to DOE's annual service contract inventory for fiscal years 2015 through 2017 identified a significant number of SSCs that included functions that approached being inherently governmental.⁷⁰ For example, NNSA's 2017 inventory analysis reported that contract specialists identified 621 of 775 contract actions, totaling over \$170 million in obligations in that year, that were more likely to have the potential to

⁶⁸The Consolidated Appropriations Act, 2010, requires agencies that are required to submit inventories, in accordance with the Federal Activities Inventory Act of 1998, to submit to OMB an annual inventory of service contracts. After submitting the inventory, the agency must review the contracts and information in the inventory and ensure that, among other things, (1) the agency is giving special management attention to functions that are closely associated with inherently governmental functions; (2) the agency is not using contractor employees to perform inherently governmental functions; (3) the agency has specific safeguards and monitoring systems in place to ensure that work that contractors are performing has not changed or expanded during performance to become an inherently governmental function; (4) the agency is not using contractor employees to perform critical functions in such a way that could affect the agency's ability to maintain control of its mission and operations; and (5) there are sufficient internal agency resources to manage and oversee contracts effectively.

⁶⁹Executive Office of the President, *Office of Management and Budget: Memorandum for Chief Acquisition Officers Senior Procurement Executives*, (Washington, D.C.: Nov. 5, 2010).

⁷⁰NNSA's service inventory analysis includes all product service codes, including those that are not professional SSCs and are, therefore, outside of our scope. DOE's annual service contract inventory does not identify the specific contracts that were included in the inventory.

include inherently governmental functions. The analysis identified 194 contract actions as closely associated with inherently governmental functions, 10 as critical functions, and 51 as both closely associated with inherently governmental functions and related to critical functions.⁷¹ Based on our analysis of data in FPDS-NG for fiscal year 2018, NNSA identified 37 of its 166 professional SSCs as closely associated with inherently governmental functions and 4 contracts as related to critical functions.

Additionally, as discussed previously, prior to awarding an SSC, officials in the office for which the SSC will provide services and the contracting officer fill out a determination form that includes questions about whether the draft performance work statement includes tasks related to the parts of the FAR that identify inherently governmental functions and functions that can approach being inherently governmental. Tasks included in the performance work statements for SSCs vary widely and could present unique risks for including inherently governmental functions. The purpose of the determination form is to mitigate the risk of awarding an SSC that includes inherently governmental functions. The determination forms include a statement that, among other things, the agency has sufficient capacity and capability to give special management attention to contractor performance, limit or guide the contractor's exercise of discretion, and avoid or mitigate conflicts of interest.⁷²

To better understand how NNSA manages the risks of SSCs including inherently governmental functions, we reviewed the performance work statements for SSCs in our sample and, for contracts that had the potential to include inherently governmental functions, discussed how the contracting officials oversee contracts. For one contract we reviewed, the performance work statement called for the contractor to award contracts on behalf of NNSA with foreign organizations and review deliverables and technical performance. The FAR lists awarding contracts and

⁷¹A critical function is one "that is necessary to the agency being able to effectively perform and maintain control of its mission and operations." The criticality of the function depends on the mission and operations, which will differ between agencies and within agencies over time. NNSA also reported that 366 contract actions were for other functions that were neither critical nor closely associated with inherently governmental functions.

⁷²In 2011, the Office of Federal Procurement Policy issued a policy letter that states that, for contracts that include functions closely associated with inherently governmental ones, agencies should include documentation of such a statement in the contract files. See Office of Federal Procurement Policy, *Policy Letter 11-01: Performance of Inherently Governmental and Critical Functions*, 76 Fed. Reg. 56227, September 12, 2011.

administering contracts as two examples of functions considered to be inherently governmental.⁷³ The contracting officials overseeing this contract said they do not typically see such a task in a performance work statement but noted that the contract was originally awarded in 2012, prior to those officials' oversight of the contract. Contract oversight can change throughout the life of a contract—which can extend to 5 years and beyond—and the contracting officials assigned to manage an SSC can change throughout the contract. The contracting officials also told us that they were not concerned that the contract could include inherently governmental functions, as the program office supported by this contract was heavily involved in the activity. The FAR, however, states that awarding contracts and administering contracts are considered to be inherently governmental functions.

In another contract we reviewed, the performance work statement included activities that, among other things, involved contractors conducting annual visits to a foreign country to meet and confer with military and governmental officials to develop opportunities for greater access by NNSA to foreign officials. The FAR lists the conduct of foreign relations and the determination of foreign policy among functions considered to be inherently governmental.⁷⁴ The contracting officials for the contract said that the program office reviews information to be presented during the visits in advance of the meetings and that federal officials attend some of the meetings, allowing NNSA to ensure that the functions performed by the contractor do not become inherently governmental.

In 2011, the Office of Federal Procurement Policy issued a policy letter that states agencies should review, on an ongoing basis, the functions being performed by their contractors, paying particular attention to the way in which contractors are performing, and agency personnel are managing, contracts involving functions that are closely associated with inherently governmental functions and contracts involving critical functions.⁷⁵ According to the policy letter, these reviews should be conducted in connection with the development and analysis of inventories of service contracts. The policy letter also calls for agencies to ensure

⁷³FAR § 7.503(c)(12)(iv)(v).

⁷⁴FAR § 7.503(c)(4).

⁷⁵Office of Federal Procurement Policy, *Policy Letter 11-01: Performance of Inherently Governmental and Critical Functions*, 76 Fed. Reg. 56227, September 12, 2011.

that they have sufficient internal capability to control their missions and operations.

Additionally, according to the Consolidated Appropriations Act, 2010, after submitting the service contract's inventories, the agency must review the contracts and information in the inventory and ensure that, among other things:

- the agency is giving special management attention to functions that are closely associated with inherently governmental functions;
- the agency is not using contractor employees to perform inherently governmental functions;
- the agency has specific safeguards and monitoring systems in place to ensure that work that contractors are performing has not changed or expanded during performance to become an inherently governmental function;
- the agency is not using contractor employees to perform critical functions in such a way that could affect the agency's ability to maintain control of its mission and operations; and
- there are sufficient internal agency resources to manage and oversee contracts effectively.

DOE's service contract inventory analysis for fiscal year 2017 stated that NNSA offers training on inherently governmental contracts on a periodic basis and also uses the determination form, which is completed before the contract is awarded, to ensure that all contracts with inherently governmental potential receive proper attention. However, these steps may not allow NNSA to effectively manage the potential risks of contractors performing inherently governmental functions throughout the life of the contract. First, officials complete the required determination forms prior to awarding an SSC, and NNSA does not take steps to ensure that contracting officers document the steps that they plan to take to oversee specific SSCs, including those the agency determined carry a risk for the performance of inherently governmental functions. This is, in part, because the determination form does not require the contracting officers to include such information on the form. By documenting on the determination form specific steps that the contracting officer plans to take to address the risks of the particular contract, NNSA can better ensure that the functions contractors are performing and the way they perform them do not evolve into inherently governmental functions.

Second, NNSA has no process—in connection with the development and assessment of the service contract inventory or another process—to verify that contracting officers are performing planned oversight. Under federal internal control standards, management should design control activities to achieve objectives and respond to risks, such as by comparing actual performance to planned or expected results and analyzing significant differences.⁷⁶ By developing a process to verify that the contracting officer has implemented the planned oversight steps for SSCs that have a high risk of including inherently governmental functions throughout the term of the contract, NNSA would have better assurance that planned oversight was being carried out. Taking these actions could also help NNSA better ensure that planned oversight steps continue, even if the contracting officer or other oversight official changes during the term of the contract.

Conclusions

Since 2010, NNSA has increasingly used professional SSCs across the agency to meet the demands of its increasing workload at a time when the size of its federal workforce has decreased. However, the use of SSCs can also prove challenging, as many of the services categorized as professional and management may be closely aligned with inherently governmental functions, increasing the risk that contractors may inappropriately influence the government's authority, control, and accountability for decisions.

We identified four ways NNSA could improve the completeness and usefulness of its reporting on its SSCs in its annual congressional budget justification materials. Such efforts could assist with congressional decision-making. First, NNSA did not include data on all professional SSCs to which funds were obligated during the fiscal year. By including such data, NNSA could provide more complete information on the number of SSCs used to meet mission requirements, assisting Congress in making better informed decisions about NNSA's annual appropriations levels. Second, NNSA did not report information on the number of FTE contractor personnel working under the same contract for more than 2 years. NNSA officials identified difficulties in collecting the information. Collecting the information, as required by law, could provide Congress

⁷⁶[GAO-14-704G](#).

and NNSA's own decision-makers with greater insight into how NNSA is using its SSCs. Third, NNSA did not present the cost of its SSCs in terms of obligations for 1 fiscal year. By reporting annual obligations data for each SSC, NNSA could more accurately represent its annual budgetary needs for the support needed to perform its missions. Fourth, NNSA did not identify the specific appropriations accounts used to fund SSCs. By identifying such accounts, NNSA would have more reasonable assurance that Congress had insight into which programs the SSCs supported, facilitating congressional oversight of NNSA's use of funds for SSCs by account and assisting NNSA in workforce planning should Congress reevaluate NNSA's FTE cap.

Additionally, we identified two ways that NNSA could better manage the potential risks of contractors performing inherently governmental functions over the life of a contract. First, NNSA has not taken steps to ensure that contracting officers document the steps that they plan to take to oversee SSCs identified as at high risk of including inherently governmental functions on the determination forms.

Second, NNSA does not have a process to verify that contracting officers are performing planned oversight for contracts that NNSA has identified as more likely to have the potential of including inherently governmental functions. By taking steps to document and verify that contracting officers have implemented the planned oversight steps for SSCs that may include inherently governmental functions throughout the term of the contract, NNSA would have better assurance that planned oversight was being carried out.

Recommendations for Executive Action

We are making the following six recommendations to NNSA:

The Associate Administrator for Acquisition and Project Management should report information on all professional SSCs to which funds were obligated during the fiscal year in its annual congressional budget justification materials. (Recommendation 1)

The Associate Administrator for Acquisition and Project Management should collect and report all required data regarding the number of FTE contractor personnel employed under an SSC for more than 2 years. (Recommendation 2)

The Associate Administrator for Acquisition and Project Management, in coordination with NNSA's Office of Management and Budget, as appropriate, should report annual obligations data by fiscal year, as part of its reporting on SSCs in annual congressional budget justification materials. (Recommendation 3)

The Associate Administrator for Acquisition and Project Management should report in NNSA's annual congressional budget justification materials the program appropriations account—Weapons Activities or Defense Nuclear Nonproliferation—used to fund each SSC and total the amounts obligated by appropriations account. (Recommendation 4)

The Associate Administrator for Acquisition and Project Management should take steps to ensure that contracting officers document—in the required determination form or elsewhere in the contract file—information on the steps that the contracting officers plan to take to oversee SSCs that NNSA has determined to be at high risk of including inherently governmental functions. (Recommendation 5)

The Associate Administrator for Acquisition and Project Management should develop a process to verify that contracting officers are carrying out the steps identified to oversee contracts at risk of including inherently governmental functions throughout the term of the contract. (Recommendation 6)

Agency Comments and Our Evaluation

We provided a draft of this report to NNSA for review and comment. In its written comments, which are reproduced in full in appendix II, NNSA generally agreed with the report's six recommendations and described actions that it intends to take in response to them.

With regard to the second recommendation to collect and report required data on the number of full-time equivalent contractor personnel employed under an SSC for more than 2 years, we recognize the difficulties in collecting this information and appreciate that the agency intends to meet with congressional staff to discuss ways to address this issue. We continue to believe that collecting this information will provide NNSA and congressional decision-makers with greater insight into how NNSA uses its SSCs, including whether these SSCs display any of the characteristics of personal services contracts.

With regard to the fifth recommendation to take steps to ensure that contracting officers document information on the steps the contracting officers plan to take to oversee SSCs that are determined to be at high risk of including inherently governmental functions, NNSA stated that it considers the recommendation closed based on processes already in place as well as the complementary activities discussed in response to our sixth recommendation. We continue to believe that documenting planned oversight activities in the contract files is important to ensure that planned oversight is consistent throughout the duration of the contract, particularly in light of OMB's call for agencies' ongoing review of the functions performed by its contractors and the potential for contracting officers to change over the life of the contract.

The agency also provided technical comments, which we incorporated into our report, as appropriate.

We are sending copies of this report to appropriate congressional committees, the Administrator of NNSA, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or bawdena@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



Allison B. Bawden
Director, Natural Resources and Environment

Appendix I: Scope and Methodology

This report examines the extent to which: (1) the National Nuclear Security Administration (NNSA) used professional support service contracts (SSC) in fiscal years 2010 through 2018, (2) the information about SSCs in NNSA's annual congressional budget justification materials for fiscal years 2017 through 2020 is complete and useful to support congressional decision-making, and (3) NNSA manages the potential risks of SSCs that it determines are at high risk for providing inherently governmental functions.

Overall, our review focused on NNSA's use of professional SSCs. For the purposes of this report, we define professional SSCs to include contracts for activities such as program management support, administrative assistance, technical assistance, and engineering and technical services, consistent with NNSA's definition of professional SSCs used to report the required information in its annual congressional budget justification materials.¹ We excluded NNSA's Office of Naval Reactors from our review because it is managed as a separate entity within NNSA.

To address the first objective, we obtained and analyzed data on NNSA's professional SSCs for fiscal years 2010 through 2018 from the Federal Procurement Data System –Next Generation (FPDS-NG), including the contract number, the amounts obligated to the contract in the fiscal year, the funding source, and the product service code assigned to the contract.² We performed electronic testing of the data to identify missing data, obvious errors, or outliers and reviewed documentation and determined the data were sufficiently reliable to summarize the number of

¹For the purposes of NNSA's required reporting on SSCs, NNSA defines its professional SSCs using 77 product services codes that cover various professional, technical, administrative, and information technology functions. Federal agencies use more than 3,000 codes to describe the services they purchase. Among these categories—which capture services ranging from utilities and housekeeping services to medical services—are professional and management support services.

²FPDS-NG is a web-based tool for agencies to report contract actions. It is a searchable database of contract information that provides a capability to examine data across government agencies and provides managers a mechanism for determining federal award data.

SSCs, amounts obligated, funding sources, and product service codes for NNSA's SSCs in fiscal years 2010 through 2018. Unless otherwise specified, we report dollar figures as current dollars. In selected places, we also report inflation-adjusted dollars that are in constant 2018 dollars and were computed using a gross domestic product price deflator.

To determine the kinds of tasks for which NNSA used its SSCs, we reviewed performance work statements for a nongeneralizable sample of 12 contracts.³ We selected contracts from the 407 SSCs NNSA reported in its annual congressional budget justification materials for fiscal years 2017 through 2019.⁴ We selected contracts that ranged in award amounts and represented work performed for different NNSA offices. In addition, to understand changes in NNSA's use of SSCs, we analyzed data on NNSA's appropriations and the number of federal full-time equivalent (FTE) employees for fiscal years 2010 through 2018. NNSA provided data on FTEs as of the last day of the last pay period of each fiscal year. We did not include federal FTE data by program office prior to fiscal year 2013 because NNSA restructured the organization, and the organizational structure prior to 2013 was not comparable to the current organization structure. We reviewed the data for obvious errors or outliers and compared the federal FTE data to other sources and discussed the data with officials and determined the data were sufficiently reliable to show changes in the size of NNSA's work force over the time period.

We also obtained and analyzed data by program office on the number of FTE contractor personnel from fiscal years 2015 through 2018. According to an NNSA official, NNSA did not collect data on FTE contractor personnel prior to fiscal year 2015. We reviewed the data for obvious errors or outliers and interviewed NNSA officials knowledgeable about the process to collect the data and NNSA officials that completed an internal study that, among other things, independently collected and verified the number of FTE contractor personnel by program office. Although we identified that NNSA did not report data on all of its SSCs, we determined the data were sufficiently reliable to illustrate changes in the number of FTE contractor personnel by program office for fiscal years 2015 through 2018. Further, to determine how NNSA uses its SSCs, we also reviewed

³Because this was a nongeneralizable sample, our results are not generalizable to all SSCs, but provide examples of the activities performed through SSCs.

⁴NNSA had not released its annual congressional budget justification materials for fiscal year 2020 at the time we selected our sample.

two NNSA workforce studies and interviewed agency officials in program offices that used SSCs in fiscal years 2015 through 2018.⁵

To address the second objective, we compared the information on SSCs in NNSA's annual congressional budget justification materials for fiscal years 2017 through 2020 with the requirements in the NDAA for fiscal years 2016 and 2017.⁶ We also reviewed documentation and interviewed NNSA officials from the Office of Acquisition and Project Management to determine how they prepared the information included in the annual congressional budget justification materials. We compared NNSA's process for reporting information on SSCs to DOE's information quality guidelines, particularly the sections related to completeness and usefulness of the information.⁷ Additionally, we compared the data on SSCs included in NNSA's annual congressional budget justification materials to data in FPDS-NG to determine whether NNSA included all of its SSCs in the budget justification. To perform this analysis, we obtained data from FPDS-NG on all of NNSA's active SSCs for fiscal years 2015 through 2018. We assessed the reliability for these data as described previously.

For each fiscal year, we included only the SSCs that met NNSA's definition of professional SSCs using the 77 product service codes. We also removed from the data any contracts listed that had \$0 obligations or negative obligations for the fiscal year. For the remaining contracts, we compared the task order or contract numbers included in the FPDS-NG data to the task order or contract numbers that NNSA reported in its annual congressional budget justification materials. For those contracts where there was not a match between the annual congressional budget justification materials data and the FPDS-NG data on the task order or

⁵U.S. Office of Personnel Management, *Workload and Organizational Analysis Findings and Results* (Washington, D.C.: June 2018) and NNSA, *NNSA Red Team Staffing Analysis* (Washington, D.C.: Aug. 6, 2018).

⁶NNSA's annual congressional budget justification materials contain data on its use of SSCs as of mid-October of the year prior to submission. For example, NNSA's fiscal year 2020 budget justification—submitted in March 2019—contains information on NNSA's SSCs as of October 2018.

⁷According to DOE, the guidelines are intended to incorporate a basic standard of quality in the development and dissemination of DOE information to the public. Department of Energy, *Final Report to the Office of Management and Budget on Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by the Department of Energy* (Washington, D.C.: Oct. 1, 2002).

contract number, we reviewed the data manually to ensure there was not an error in the formula used or an error in the data that was easily identifiable, such as a transposed or missing digit in the task order or contract number. We discussed the list of contracts that was not included in NNSA's annual congressional budget justification materials with officials responsible for the reporting to determine why the contracts were excluded.

To address the third objective, we reviewed documents, such as applicable Federal Acquisition Regulation (FAR) provisions and NNSA policy documents, and interviewed officials from NNSA's Office of Acquisition and Project Management, Office of Management and Budget, and Office of General Counsel to determine how NNSA oversees its SSCs. We also reviewed performance work statements for the nongeneralizable sample of 12 contracts discussed above to identify oversight activities and determine whether they included examples of tasks that could have characteristics of inherently governmental functions.⁸ We reviewed determination forms for eight of the 12 SSCs in our sample for which NNSA could provide the forms. We also interviewed NNSA's contracting officers or contracting officer's representatives and representatives from 11 of the 12 contractors in our sample to learn how NNSA and the contractors manage the contracts.⁹ When referring to the findings from these interviews, we use "some" to refer to 3 to 4 interviews, "several" to refer to 5 to 6 interviews, "many" to refer to 7 to 9 interviews, and "most" to refer to 10 to 11 interviews. In addition, we reviewed NNSA's service contract inventory analysis reports from fiscal years 2015

⁸Because this was a nongeneralizable sample, our results are not generalizable to all SSCs, but provide examples of the activities performed through SSCs.

⁹Representatives from one of the contractors in our sample declined to meet with us.

through 2017 to obtain information on contracts that NNSA had identified as having the potential to include inherently governmental functions.¹⁰

We conducted this performance audit from October 2017 to September 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹⁰NNSA provides information to DOE for the department's required annual service contract inventory analysis. The Consolidated Appropriations Act, 2010, requires agencies that are required to submit inventories, in accordance with the Federal Activities Inventory Act of 1998, to submit to the Office of Management and Budget an annual inventory of service contracts. After submitting the inventory, the agency must review the contracts and information in the inventory and ensure that, among other things, (1) the agency is giving special management attention to functions that are closely associated with inherently governmental functions; (2) the agency is not using contractor employees to perform inherently governmental functions; (3) the agency has specific safeguards and monitoring systems in place to ensure that work that contractors are performing has not changed or expanded during performance to become an inherently governmental function; (4) the agency is not using contractor employees to perform critical functions in such a way that could affect the agency's ability to maintain control of its mission and operations; and (5) there are sufficient internal agency resources to manage and oversee contracts effectively.

Appendix II: Comments from the National Nuclear Security Administration



Department of Energy
Under Secretary for Nuclear Security
Administrator, National Nuclear Security Administration
Washington, DC 20585



September 5, 2019

Ms. Allison B. Bawden
Director, Natural Resources and Environment
U.S. Government Accountability Office
Washington, DC 20548

Dear Ms. Bawden:

Thank you for the opportunity to review the Government Accountability Office (GAO) draft report "Support Service Contracts: NNSA Could Better Manage Potential Risks of Contractors Performing Inherently Governmental Functions" (GAO-19-608). The Department of Energy's National Nuclear Security Administration (NNSA) has provided accurate and transparent reporting on our use of support service contracts to meet the ongoing requirements of the National Defense Authorization Act. We appreciate the auditors' observations on ways to make our reporting of support service contracts more useful for congressional decision makers and insight into how we might further enhance our internal processes for overseeing support service contracts.

The enclosed management decision discusses current processes and planned enhancements to our reporting on SSCs and oversight of high risk contracts, consistent with the auditors' recommendations, as well as limitations on one of the suggested actions. Our subject matter experts have also provided technical and general comments under separate cover to enhance the clarity and accuracy of the report.

If you have any questions about this response, please contact Dean Childs, Director, Audits and Internal Affairs, at (301) 903-1341.

Sincerely,

Lisa E. Gordon-Hagerty

Enclosure



Enclosure

NATIONAL NUCLEAR SECURITY ADMINISTRATION

Management Decision

**"Support Service Contracts: NNSA Could Better Manage Potential Risks of Contractors
Performing Inherently Governmental Functions" (GAO-19-608)**

The Government Accountability Office recommends the Department of Energy's National Nuclear Security Administration (NNSA):

Recommendation 1: Report information on all professional Support Service Contracts (SSC) to which funds were obligated during the fiscal year in its annual congressional budget justification materials.

Management Response: NNSA's Office of Acquisition and Project Management (APM) will update its methodology from "as of the date of the report" to all applicable support service contracts that were active throughout the fiscal year, while ensuring that the number of contractors and full-time equivalents are not duplicated for any follow-on contracts. This change will be implemented in the 2021 budget justification materials, targeted for submission in February 2020.

Recommendation 2: Collect and report all data required by the National Defense Authorization Act (NDAA) regarding the number of full-time equivalent contractor personnel employed under an SSC for more than two years.

Management Response: As noted in the report, NNSA has been fully transparent in its budget justification materials regarding data limitations that prevent accurate, reliable reporting of this information. Accessing badging records to obtain the information, as suggested in the report, would not be an appropriate use of the data (considered personally identifiable information) and, as such, access is not permitted for this purpose. If access was granted, the data would still be limited to only on-site contractors, omitting a significant portion of the contractor work force (approximately 31% off-site workers per FY 2018 SSC data). Further, NNSA does not have access to contractor personnel systems, and collecting and reporting such data could run counter to regulations/statutes regarding employer/employee relationships. In this case, the vendor, not NNSA, is the employer and we must avoid any activities that would give the appearance of attempting to manage or oversee contractor employees or staffing. NNSA will, however, meet with congressional staff on ways to further enhance the reported data to meet their needs.

Recommendation 3: Report annual obligations data by fiscal year as part of its reporting on SSCs in annual congressional budget justifications.

Management Response: APM, in coordination with NNSA's Office of Management and Budget, will report obligations data by fiscal year for each reported SSC in the 2021 budget justification materials, targeted for submission in February 2020.

Enclosure

Recommendation 4: Report in NNSA's annual congressional budget justification materials the program appropriations account – Weapons Activities or Defense Nuclear Nonproliferation – used to fund each SSC and total the amounts by appropriations account.

Management Response: APM, in coordination with NNSA's Office of Management and Budget, will include the subtotal for each specific program appropriations account used to fund each SSC in the 2021 budget justification materials, targeted for submission in February 2020.

Recommendation 5: Take steps to ensure that contracting officers document – in the required determination form or elsewhere in the contract file – information on the steps that the contracting officers plan to take to oversee SSCs that are determined to be at high risk of including inherently governmental functions.

Management Response: As noted in the report, NNSA currently emphasizes appropriate oversight for support service contracts considered high risk. In our acquisition planning stages, we mitigate the risks of including inherently governmental functions in contracts through the use of a required determination form to document specific consideration of these activities. For higher risk activities (e.g., those closely associated with inherently governmental functions), oversight is accomplished in an integrated manner relying on administrative and technical reviews of invoices and deliverables by the contracting officer and contracting officer representatives (CORs), and by program officials working closely with the contractors on a daily basis. Ongoing, required training on the proper use and oversight of SSC activities is a key component to this strategy, ensuring NNSA officials understand the risks, requirements, and limitations for inherently governmental functions. NNSA considers this recommendation closed based on processes already in place and complementary activities discussed in response to Recommendation 6 that further reinforce these controls.

Recommendation 6: Develop a process to verify that contracting officers are carrying out the steps identified to oversee contracts at high risk of including inherently governmental functions throughout the term of the contract.

Management Response: Awareness is the key factor to support effective oversight by contracting officers and CORs. Contracting officers' awareness is clearly articulated in the determination forms. APM will also review and revise, as necessary, the template for COR designation letters to ensure they clearly address the expectations for daily operational awareness and monitoring for risks associated with high risk contracts, including those involving activities closely associated with inherently governmental functions. A checklist will also be developed and distributed to CORs and program officials to further identify expectations for daily operational awareness and oversight of specific high risk contracts they support. Finally, future Procurement Management Reviews (PMR) and self-assessments will include examination of the documentation supporting oversight of high risk contracts, to include determination forms, COR letters, use of checklists, and training materials as necessary and appropriate. The estimated

**Appendix II: Comments from the National
Nuclear Security Administration**

Enclosure

completion date for review and update of the COR designation letter template, development of the checklist, and communication of PMR and self-assessment expectations is December 30, 2019.

Agency Comment Letter

Text of Appendix II: Comments from the National Nuclear Security Administration

Page 1

September 5, 2019

Ms. Allison B. Bawden
Director, Natural Resources and Environment
U.S. Government Accountability Office
Washington, DC 20548

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The enclosed management decision discusses current processes and planned enhancements to our reporting on SSCs and oversight of high risk contracts, consistent with the auditors' recommendations, as well as limitations on one of the suggested actions. Our subject matter experts have also provided technical and general comments under separate cover to enhance the clarity and accuracy of the report.

If you have any questions about this response, please contact Dean Childs, Director, Audits and Internal Affairs, at (301) 903-1341.

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Lisa E. Gordon-Hagerty
Enclosure

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Management Decision
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December 30, 2019.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Allison Bawden, (202) 512-3841 or bawdena@gao.gov

Staff Acknowledgments

In addition to the contact named above, Hilary Benedict (Assistant Director); Bridget Grimes (Analyst in Charge); Ellen Fried; Cindy Gilbert; Elizabeth Jimenez; Julia Kennon; Dan C. Royer; Sylvia Schatz; and Tatiana Winger made key contributions to this report.

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