



## Agencies Miss Deadline to File In-sourcing Guidance

Officials said they are awaiting more guidelines from OMB

- **By Matthew Weigelt**
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Several departments and an agency have missed a deadline for issuing guidelines on taking work back in-house and away from contractors, according to a letter from the Government Accountability Office issued today.

GAO was checking on whether the departments and the agency had issued any guidelines as the fiscal 2009 Omnibus Appropriations Act required. The law gave government organizations until mid-July to get out the guidance on "in-sourcing."

According to the letter, the Health and Human Services, Justice, Transportation, and Veterans Affairs departments and the General Services Administration have not drafted the guidelines. The Energy and Homeland Security departments have an initial draft. The State Department has some preliminary direction that regards the multi-sector workforce — a blend of contractors and federal employees — but officials told GAO they won't issue detailed guidance on in-sourcing until they complete a pilot study in April of next year, GAO reported in a letter sent to several congressional committees.

One reason for the delays is that officials are waiting for more guidelines from the Office of Management and Budget, which has taken a central role on the in-sourcing issue. OMB issued general guidance on in-sourcing in late July. However, agencies also said they have held off as they await more details on outsourcing and a clarification on the definition of inherently governmental functions, or work that only government employees can do. Several officials told GAO that those details will have significant effects on their guidelines, GAO reported.

As agencies face the challenge on how best to in-source work, they're feeling pressure from the White House and Congress to begin hauling in their work, GAO reported. New laws require agencies to consider in-sourcing, and President Barack Obama referenced it in his March 4 memo on contracting reforms.

Developing in-sourcing guidelines is complicated for the agencies for many reasons. Officials from the nine agencies told GAO that in-sourcing affects many various parts of the agency — such as human resources, acquisition and finance — and forces managers to share responsibilities after working out who's in charge of which aspects of programs. Once decided, those officials then have to work together to identify and resolve matters, such as the types of services and number of positions to be in-sourced, they told GAO.

And in a time when the administration is pushing for budget cuts, agency officials recognize that bringing new employees into an agency requires bigger budgets, more resources and equipment, larger facilities, and more oversight, GAO stated.

In-sourcing also represents a major shift in the focus and culture of the multi-sector workforce, officials said. Established processes and procedures are geared toward outsourcing, and shifting to in-sourcing will take time and requires flexibility to meet the needs of an agency in an ever-changing environment, GAO reported.



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