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## CONTACT

The Gormley Group  
1990 M Street, NW  
Suite 480  
Washington, DC 20036  
[www.gormgroup.com](http://www.gormgroup.com)  
[info@gormgroup.com](mailto:info@gormgroup.com)



## Domain Expertise

### VA SDVOSB Reverification: Now Every Three Years,

SDVOSBs and VOSBs will only be required to obtain reverification every three years under an [interim final rule](#) adopted yesterday February 21, 2017 by the VA.

The VA's new rule replaces the prior rule, which required reverification every two years. The purpose of the change? To "reduce the administrative burden on SDVOSB/VOSBs regarding participation in VA acquisition set asides for these types of firms."

When the VA originally finalized its SDVOSB/VOSB program in 2010, VA "anticipated that annual examinations were necessary to ensure the integrity of the Verification Program." But the VA soon had second thoughts. In 2012, the VA [adopted a two-year program term](#). Now, the VA believes that even a biennial reverification is unnecessary.

The VA explains that data from Fiscal Year 2016 "shows that out of 1,109 reverification applications, only ten were denied." Therefore, "only 0.9 percent of firms submitting reverification applications were found to be ineligible after two years."

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## Federal Marketplace Matters

### Trump's Budget Will Require 10 Percent Spending Cuts at Non-Defense Agencies

The Trump administration will require \$54 billion in cuts at non-national security federal agencies in its preliminary fiscal 2018 budget proposal, an Office of Management and Budget official said Monday. Nearly every domestic agency will shoulder a share of the reductions.

The spending decreases will offset an equal increase in spending at the Defense Department, which the official said will primarily be given to the Pentagon to spend as it sees fit. The proposed boost, which still must go through the congressional appropriations process, would represent about a 10 percent increase to the Defense budget. The White House will propose that foreign aid be cut to partially offset the new spending.

The OMB official called the forthcoming blueprint, which the White House will release in March, a "security budget" that will put America first. It will focus only on top-line allocations to major agencies, with a full budget coming later in the year.

[Read More](#)

### Report: Physical, digital infrastructure drive \$2T government contracting market

Efficiency, safety, functionality and compliance are among the factors driving growth rates for government contracting hotspots, according to an analysis by commerce intelligence company Onvia.

With limited resources and expanding needs, the federal government is always looking for cost-effective innovation to address issues like aging infrastructure and changes in demographics. This assures there are ample competitive opportunities for companies in the \$2 trillion business-to-government market.

While there are 4,000 specific market segments, Onvia selected a small handful to profile based on their year-over-year growth rates, including providing clean water; serving those with disabilities; strengthening disaster services; upgrading to smart lighting; enabling government with IT; expanding connectivity; innovating education; and improving medical equipment.

Averaging growth of 10-21 percent over two years (based on current, future and historical bids and RFPs data), these areas hold much potential for the coming years, as well.

Onvia predicts several factors will continue to drive growth in government spending, including:

- President Trump's proposed \$1 trillion, 10-year infrastructure initiative.
- The call of government agencies for public services for all.
- The unpredictability of natural disasters.
- The energy-efficiency demands of government contracts.
- The continued transition to custom solutions and cross-functional capabilities for digital government.
- The demand for technology-savvy graduates to further advances and refinements in rapidly evolving agencies.
- The need for innovative procedures and facilities for the aging baby boom segment.

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## Federal Marketplace Matters

### GSA IG Details Security Vulnerabilities at 18F

On Tuesday, February 21, the General Services Administration's (GSA) Office of the Inspector General (OIG) published a [report](#) detailing security vulnerabilities within the agency's 18F program. Specifically, the OIG found that of the program's 116 software tools, 100 have not been submitted for official review and approval. In addition, at least 18 of the program's IT systems were identified as lacking proper authorization. Based on their findings, the OIG provided six recommendations to ensure 18F's compliance with all relevant IT security requirements. GSA agreed with the OIG's recommendations.

Previously, the OIG issued a [report](#) regarding security vulnerabilities in May 2016 titled, *Management Alert Report: GSA Data Breach*. In addition, the OIG issued a [report](#) in October 2016 detailing shortcomings in organizational management.

[Source CGP](#)

### New FOIA rules open contractors to more risks of disclosure

Last summer, Congress passed and President Obama signed into law the FOIA Improvement Act of 2016 (Public Law No. 114-185), which adds to and amends the Freedom of Information Act.

The amendments create a "presumption of openness" limiting the federal government's discretionary power to withhold requested information only when disclosure would result in "foreseeable harm."

For those that transact business with or even simply communicate with the government (referred to as "submitters" in FOIA parlance), the FOIA changes mean that submitters such as government contractors and grant recipients must proactively respond when a FOIA request potentially targets confidential and/or proprietary data that has been shared with the government.

Importantly, the 2016 FOIA improvement Act did not change FOIA Exemption 4, which protects from disclosure "trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential." Under Exemption 4, the government is prohibited from disclosing trade secrets or other proprietary/confidential information that any submitter has shared with the government.

Unlike with some of the other FOIA exemptions, in their interpretation of Exemption 4, courts have determined that the government lacks any discretion to disclose trade secret or commercial confidential/proprietary information in response to a FOIA request.

The 2016 FOIA Improvement Act was passed to accelerate the FOIA process and to compel government FOIA officials to provide as much information as soon as possible in response to a FOIA request. The act now imposes a penalty (i.e., the waiver of the statutory FOIA fees) on the agency for failing to provide a timely FOIA response. The act also requires that the FOIA response segregate exempt information from releasable information in the same document, as an agency can no longer simply refuse to produce any document containing exempt information.

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## Federal Marketplace Matters

### BRAC finds some stable ground in 2017

After 12 years and numerous requests from the Defense Department since the last round of military base closures, 2017 may finally offer a peek of sunlight for another base realignment and closure cycle.

Congressional resistance to BRAC is faltering, said Chris Preble, vice president for defense and foreign policy studies at the Cato Institute, and that may bring some fiscal savings to DoD.

Opposition to BRAC “is weakening for a couple reasons. One, the Pentagon is quite insistent that they do have excess capacity,” Preble told Federal News Radio. “Even if President Trump gets his wish of dramatically increasing military spending, it’s still not entirely clear where some of that money will come from, but he says some of the additional funding will come from waste. A key aspect of waste inside the Pentagon budget is excess overhead.”

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## Total Acquisition Cost (TAC): The Missing Tool from the Procurement Reform Tool Box

In 2013, the FAR & Beyond blog discussed the importance of measuring/assessing TAC, noting that “commercial best practices inform us that the key metric in measuring and delivering best value in procurement/logistics operations is total ownership cost. In government terms, let’s use the term total acquisition cost (TAC).” In 2017, TAC remains the missing link in measuring, assessing, and, ultimately, reforming the procurement system to deliver best value mission support for customer agencies and the American people.

Acquisition approaches and decisions must be data-driven and must include the TAC, which should be comprised of all direct and indirect costs of acquisition. In addition, because delay impacts cost, a mandatory element of the TAC is the monetized cost of time. TAC also includes consideration of costs associated with government-unique requirements that are inconsistent commercial practice. So too, it includes administrative costs, like the cost of data reporting, management, and oversight functions, including audits.

Recent procurement initiatives have not addressed TAC. Instead, based on publicly available information, the Federal Strategic Sourcing Initiative (FSSI) and Category Management have focused on price-based measures to assess savings. With regard to Category Management, the proposed circular from the end of last year also included a series of process-related measures that appear to have little or no relationship to determining TAC, to measuring value, and/or to assessing customer agency satisfaction. For more on FSSI’s and Category Management’s “savings” performance measures, I commend to you Sean Nulty’s Federal Market Matters article in today’s *Friday Flash*. In the case of Transactional Data Reporting (TDR), based on GSA’s September 19, 2016 answers the Coalition’s 65 TDR questions, the four TDR performance measures appear to be: (1) competitive pricing; (2) increased sales volume; (3) small business participation; and (4) macro use of transactional data by category managers and teams to create smart buying strategies. The is no mention of TAC. Aside from ignoring a key factor in the cost to the government and the quality of deliverables, it raises the significant questions regarding the transparency and soundness of the future TDR results.

[Source CGP Far & Beyond](#)





## Federal Marketplace Matters

### Worldwide Cloud Spending Expected to Reach \$122.5 Billion in 2017

Cloud spending will reach \$122.5 billion in 2017 and \$203.4 billion in 2020, according to a recent update to International Data Corporation's "Worldwide Semiannual Public Cloud Services Spending Guide."

The study also found that the predicted compound annual growth rate for cloud will be seven times that of overall IT spending growth from 2015 to 2020.

"In 2017, discrete manufacturing, professional services, and banking will lead the pack in global spending on public cloud services as they look for greater scalability, higher performance, and faster access to new technologies," said Eileen Smith, program director for Customer Insights and Analysis at IDC. "Combined, these three industries will account for one-third of worldwide public cloud services spending, or \$41.2 billion."

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## Educational

### Subcontracting Reports

Contractors pursuing federal work must understand federal subcontracting plan requirements. This includes knowing what information and actions do – and do not — count toward meeting subcontracting goals, as well as the consequences for failing to make a good faith effort to achieve them. Only then will contractors be able to avoid unnecessary risk.

The program requires Other Than Small Businesses to ensure that Small Businesses receive the maximum practicable opportunity to participate in contract performance consistent with its efficient performance.

All reports must be submitted via the Electronic Subcontracting Reporting System: <http://www.esrs.gov>.

- Summary Subcontracting Report (SSR):
  - Submitted annually following the end of the government fiscal year by October 30th
  - Shows subcontracting awards (subcontracting costs incurred by the contractor) during the fiscal year involved
  - Required for both Individual and Commercial plan holders
  - For Commercial plan holders, shows all company-wide subcontracting costs
  - For Individual plan holders, shows subcontracting costs incurred in performance of the specific contract only. If multiple contracts are awarded by the same agency, the report shows subcontracting costs incurred in performance of all contracts for that agency
- Individual Subcontracting Report (ISR):
  - Required of Individual plan holders only
  - Submitted semi-annually by April 30th and October 30th
  - Shows subcontracting costs incurred under the specific contract
  - Is a cumulative report, showing all costs incurred since inception of the contract.

Submission of reports documenting subcontracting achievements is critical to show commitment and compliance with the Program.

**If you have any questions around the Subcontracting Plan requirement please ask your TGG Consultant.**



## Upcoming Events

**March 1, 2017** CGP MAS Basic Training-  
The Nuts and Bolts

[To Register](#)

**March 7-8, 2017** IFMIPS 51V, Industry  
Day Event

[Register](#)

**March 28 -29, 2017** IFMIPS 03FAC  
Industry Day Event

[Register](#)

**April 25-26, 2017** the GSA Federal  
Acquisition Training Symposium  
Huntsville, Alabama,

[Registration Details](#)

**June 6, 2017** the Professional Services  
Industry Day in Tacoma, Washington.

[See more information](#)

**TGG will be represented at all GSA  
Industry events above so if you are not  
able to attend contact your TGG  
consultant with any questions you  
may have.**

**April 13 2017** B2G Conference & Expo  
Joint Base Langley / Eustice

[More Info](#)



## Compliance

### Contractor At U.S. Military Bases Admits Paying Bribes And Kickbacks

A Pennsylvania man who operated a construction company that did work at construction projects at two military bases in New Jersey today admitted paying bribes and kickbacks to get the contracts, U.S. Attorney Paul J. Fishman announced.

George Grassie, 54, of Covington Township, Pennsylvania, pleaded guilty before U.S. District Judge Susan D. Wigenton in Newark federal court to an information charging him with one count of conspiracy to defraud the United States and commit bribery and one count of providing unlawful kickbacks.

According to documents filed in this case and statements made in court:

Grassie owned a business that did construction, excavation and landscaping and did work as a subcontractor at Picatinny Arsenal (PICA) and Joint Base McGuire-Dix Lakehurst (Ft. Dix). He admitted that from December 2010 to December 2013, he paid bribes valued at \$95,000 to \$150,000 to an individual employed by the U.S. Army Contracting Command in New Jersey to obtain and retain subcontracts and other favorable assistance at PICA and Fort Dix. He also admitted that he paid kickbacks valued at \$40,000 to \$95,000 to Shawn Fuller and James Conway, who were then project managers for a prime contractor at PICA and Fort Dix.

Conway previously pleaded guilty to wire fraud and accepting unlawful kickbacks on August 2016. Fuller previously pleaded guilty to accepting unlawful kickbacks in November 2015.

The conspiracy charge to which Grassie pleaded guilty carries a maximum potential penalty of five years in prison. The charge for making unlawful kickbacks to which Grassie pleaded guilty carries a maximum potential penalty of 10 years in prison. Both charges carry a maximum fine of \$250,000 or twice the gross gain or loss associated with the offense, whichever is greatest. Sentencing is scheduled for May 31, 2017.

[Read More](#)

