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General Government Division

B-285059

September 28, 2000

The Honorable John L. Mica
Chairman, Subcommittee on Criminal
Justice, Drug Policy and Human Resources
Committee on Government Reform
House of Representatives

Subject: Civilian Acquisitions: Selected Agencies' Use of Criminal Background Checks on Contractor Principals to Prevent Fraud

Dear Mr. Chairman:

This letter and its enclosures respond to your request for information on executive agencies' utilization of criminal background checks to help prevent fraud by federal contractors.¹ You requested this information because of your continued concern about the potential vulnerability of federal funds to fraud by contractors. This letter is the last in a series of products addressed to you on this topic.²

On the basis of discussions with your office, our objectives were to provide information on selected agencies' use of criminal background checks to help prevent contractor fraud. Specifically, we provide information on selected agencies' (1) policies and practices for making contractor responsibility determinations and conducting criminal background checks on contractor principals;³ (2) efforts to suspend, debar, or otherwise prevent firms or contractor principals that have violated relevant federal laws and regulations from receiving government contracts; and (3) Office of Inspector General (OIG) completed contractor fraud investigations involving principals and whether the principals who committed fraud had criminal histories.

¹ For purposes of this letter, a contractor may be an individual or entity, such as a company, firm, or business.

² We also issued two other products that responded to your request: Medicare: Contractors Screen Employees but Extent of Screening Varies (GAO/HEHS-00-135R); and a May 31, 2000, letter in which we provided you information on various issues associated with agency background checks on contractors (B-285059).

³ The Federal Acquisition Regulation defines principals as officers, directors, owners, partners, and persons having primary management or supervisory responsibilities within a business entity, such as general managers, plant managers, and heads of subsidiaries.

To address the first objective, we obtained information from the Departments of Housing and Urban Development (HUD) and the Treasury, and the General Services Administration (GSA). We selected these three agencies because they were among the leading civilian agencies involved with acquisition and physical security issues. For the second objective, we obtained information from the Department of Health and Human Services (HHS), HUD, and the Office of Personnel Management (OPM). We selected these agencies because they were among the top five agencies regarding debarments. For the third objective, we obtained statistics from the OIGs at the Departments of Agriculture, HUD, Justice, Transportation, and Veterans Affairs (VA) and from GSA. We selected these 6 agencies because they were among the top 15 civilian agencies that obligated funds for procurement during fiscal year 1999.

In June 2000, we briefed your office on the information we gathered during our preliminary work, the results of which are included in enclosure I. This letter summarizes and updates the information presented at that briefing. The additional information that your office requested regarding new contracts awarded and funds obligated by the six selected agencies during fiscal years 1997 through 1999 is included in enclosure II.⁴

Background

The Federal Acquisition Regulation (FAR) generally governs all acquisitions by executive agencies and along with agencies' implementing and supplemental regulations makes up the Federal Acquisition Regulations System. The FAR in general provides agencies' contracting officers with guidance on how to award and administer contracts for the goods and services that their agencies need. The FAR is issued and maintained jointly by the Secretary of Defense; the Administrator of GSA; and the Administrator of the National Aeronautics and Space Administration under the Office of Federal Procurement Policy Act.⁵

Before government contracts are awarded, the FAR requires that agencies determine whether prospective contractors are responsible. The purpose of the contractor responsibility determination is to help ensure that the government does business only with contractors that are found to be reliable, dependable, and capable of performing the work required under the terms of the contract. The FAR provides that no contract shall be awarded unless the contracting officer makes an affirmative determination of responsibility.

Under the FAR, agencies may debar or suspend contractors for various fraudulent or criminal offenses associated with government contracts, such as embezzlement, theft, or bribery. Also, agencies may debar or suspend contractors for any serious or compelling reason that affects the responsibility of a government contractor, such as failure to comply with the requirements of the Drug-Free Workplace Act of 1988.⁶ Debarment precludes a contractor from receiving further government contracts or assistance from any federal agency for a

⁴ The six agencies included the Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA.

⁵ 41 U.S.C. §§ 405, 421.

⁶ Public Law 100-690.

specified period of time, generally not to exceed 3 years. Suspension temporarily disqualifies a contractor from doing business with the federal government for up to 18 months unless legal proceedings are initiated during that period.

Summary of Findings

The FAR sets forth seven general standards that agencies' contracting officers are required to use in determining whether prospective contractors are responsible. Among other things, these standards require prospective contractors to have adequate financial resources to perform the contract, the ability to comply with contract schedules, satisfactory performance records, and satisfactory records of integrity and business ethics. Although the FAR does not specifically require criminal background checks on contractor principals, agencies are not prohibited from performing such checks and may do so when they believe it is necessary or appropriate. For example, in one case, a contracting officer found a prospective contractor nonresponsible for lack of integrity based on information in a criminal investigation report.⁷

HUD, Treasury, and GSA have acquisition regulations and guidance that implement and supplement the FAR requirements concerning the information that contracting officers are expected to obtain when making contractor responsibility determinations. For example, HUD's Handbook on Procurement Policies and Procedures requires that contracting officers, when making responsibility determinations, are to check with the HUD OIG regarding information from its completed audits and investigations that could adversely affect affirmative determinations of responsibility for prospective contractors. Also, Treasury's acquisition regulations discuss obtaining information on credit reports on prospective contractors. Finally, GSA's acquisition manual includes procedures for obtaining information on prospective contractors from appropriate activities within GSA, such as legal counsel, contract management, and OIG.

HUD's practices for making contractor responsibility determinations appeared consistent with the FAR and the HUD Handbook. According to HUD acquisition officials, HUD's responsibility determinations do not include criminal background checks on contractor principals. Our review of two major HUD contract awards showed that the requisite responsibility determinations were based on the types and sources of information identified in the FAR and the HUD Handbook. We found no evidence that criminal background checks were done. According to Treasury and GSA officials, their contracting officers rely on similar types and sources of information to make responsibility determinations. Treasury and GSA officials said that such determinations do not include criminal background checks on contractor principals.

As of March 2000, HUD was among the top five agencies regarding debarments. According to HUD officials, most of these debarments were not related to acquisition activities. HUD's debarments primarily involved loans, grants, subsidies, and insurance. HHS and OPM accounted for about 70 percent of debarments governmentwide. Like HUD, most of HHS' and

⁷ Becker and Schwindenhammer, GmbH, B-225396, Mar. 2, 1987, 87-1 CPD ¶ 235.

OPM's debarments were not related to acquisitions. Rather, their debarments involved health care providers, such as doctors and nursing homes.

During fiscal years 1997 through 1999, the OIGs at the Departments of Agriculture, HUD, Justice, Transportation, and VA and at GSA investigated a total of 151 contractor principals for allegedly committing fraud. Of these principals, 56, or 37 percent, were found to have committed fraud. Eight of the 56 principals who committed fraud had criminal histories.

Scope and Methodology

In developing the information for this letter, we (1) reviewed the appropriate sections of the FAR as well as HUD, Treasury, and GSA supplemental contracting guidance; (2) researched relevant Comptroller General decisions; (3) examined documentation related to HUD's responsibility determinations for two major contracts; (4) discussed responsibility determinations, debarment, and background checks with cognizant HHS, HUD, OPM, Treasury, and GSA officials; (5) obtained statistics on completed OIG contractor fraud investigations from the OIGs at the Departments of Agriculture, HUD, Justice, Transportation, and VA and at GSA; and (6) analyzed the Federal Procurement Data System to identify new contracts awarded and funds obligated by six selected agencies during fiscal years 1997 through 1999.

We performed our work in Washington, D.C., and Philadelphia, PA, from March through July 2000, in accordance with generally accepted government auditing standards. We requested comments on a draft of this letter and its enclosures from the Secretary of HUD. We also provided officials from the Departments of Agriculture, HHS, Justice, Transportation, the Treasury, and VA, as well as GSA and OPM copies or relevant portions of the draft to confirm the accuracy of our presentation of the information we obtained from them.

Agency Comments and Our Evaluation

In August and September 2000, we obtained comments on a draft of this letter and its enclosures from HUD officials, including the Chief Procurement Officer. The officials concurred with the information we presented on the results of our work. The Chief Procurement Officer also provided additional perspective on the results of our work related to HUD's (1) practices for making contractor responsibility determinations and (2) possible use of criminal background checks on principals to prevent contractor default. With regard to contractor responsibility determinations, the Chief Procurement Officer said that the HUD OIG's checks of its completed audits and investigations related to prospective contractors exceeded FAR requirements. He said that although these checks were very useful, the HUD OIG has decided to discontinue making such checks. Regarding criminal background checks, he indicated that such checks would not have prevented HUD from awarding some of its Management and Marketing contracts to a firm that subsequently had to be terminated for default. Rather, he said that the best way to ensure compliance with HUD contracts is to strictly enforce them and terminate the contracts if contractors fail to perform. He said that by suspending the firm and initiating debarment proceedings against it, HUD sent a clear

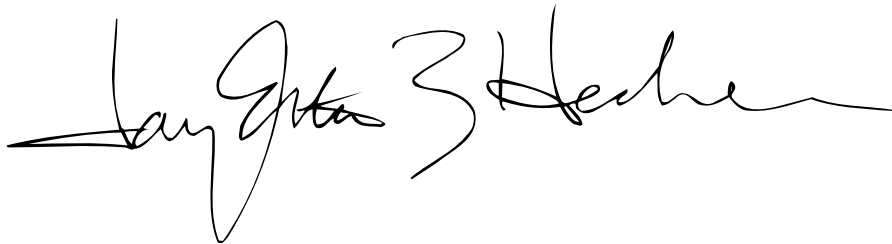
message to contractors that poor performance will not be tolerated and that poor prior performance will affect responsibility determinations for these contractors in the future. Also, the officials suggested some minor clarifications, which we incorporated where appropriate.

In addition, during August and September 2000, officials from the Departments of Agriculture, HHS, Justice, Transportation, the Treasury, and VA, as well as GSA and OPM, provided comments on those portions of the draft that presented information we obtained from them.⁸ The officials agreed with our characterization of their information and suggested a few technical changes. We made their suggested changes where appropriate.

We are sending copies of this letter and the enclosures to Representative Patsy T. Mink, Ranking Minority Member of your Subcommittee. We are also sending copies to Representative Dan Burton, Chairman, and Representative Henry A. Waxman, Ranking Minority Member, of the House Committee on Government Reform; and Senator Fred Thompson, Chairman, and Senator Joseph I. Lieberman, Ranking Minority Member, of the Senate Committee on Governmental Affairs; and other interested congressional members. In addition, we are sending copies to the Honorable Andrew M. Cuomo, Secretary of HUD, and will make copies available to others upon request.

Major contributors to this letter included Gerald P. Barnes, Anne Hilleary, and Geraldine Beard. If you have any questions about this letter or the enclosed slides, please contact Mr. Barnes of my staff or me on (202) 512-8387.

Sincerely yours,

A handwritten signature in black ink that reads "JayEtta Hecker". The signature is fluid and cursive, with a large, sweeping initial "J" and "H".

JayEtta Hecker
Associate Director, Government
Business Operations Issues

⁸ The officials who provided comments included (1) Agriculture's Supervisory Law Enforcement Analyst, Program Investigations Division, OIG; (2) HHS' Procurement Analyst, Office of Acquisition Management; and Assistant Inspector General for Legal Affairs, OIG; (3) Justice's Assistant Special Agent-in-Charge of Operations, Investigations Division, OIG; (4) Transportation's Special Agent-in-Charge of Headquarters Operations, OIG; (5) Treasury's Director, Office of Procurement; (6) VA's Director, Analysis and Oversight Division, Office of Investigations, OIG; (7) GSA's Deputy Associate Administrator for Acquisition Policy; Special Assistant for Contractor Integrity, Office of Acquisition Policy, Office of Governmentwide Policy; and Deputy Assistant Inspector General for Investigations, Office of Investigations, OIG; and (8) OPM's Chief, Contracting Division, Office of Contracting and Administrative Services; and the Debarring Official, OIG.

Selected Agencies' Use of Criminal Background Checks on Contractor Principals to Prevent Fraud



Briefing

Civilian Acquisitions: Selected Agencies' Use of Criminal Background Checks on Contractor Principals to Prevent Fraud



Objectives

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- For selected agencies, which included the Departments of Agriculture, Health and Human Services (HHS), Housing and Urban Development (HUD), Justice, Transportation, Treasury, and Veterans Affairs (VA), as well as the General Services Administration (GSA) and the Office of Personnel Management (OPM), our objectives were to provide information on
 - policies and practices for making contractor responsibility determinations and conducting criminal background checks on contractor principals;
 - efforts to suspend, debar, or otherwise prevent contractors that have violated relevant federal laws and regulations from receiving government contracts; and
 - Office of Inspector General (OIG) completed contractor fraud investigations involving principals and whether the principals who committed fraud had criminal histories.



Scope

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- Washington, D.C.
 - Headquarters offices of HUD, HHS, Treasury, GSA, and OPM.
 - Philadelphia, PA.
 - HUD Philadelphia Field Contracting Operations.
 - OIGs contacted.
 - Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA.



Methodology

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- Reviewed appropriate sections of
 - Federal Acquisition Regulation (FAR); and
 - HUD, GSA, and Treasury supplemental acquisition regulations and guidance.
 - Reviewed
 - relevant Comptroller General decisions;
 - governmentwide debarment list for FY 1999;
 - HUD documentation of contractor responsibility determinations for Management and Marketing (M&M) and Appraisal Quality Assessment Services (AQAS) contracts, which had total estimated values of \$927 million and \$43 million, respectively. Excluding information technology contracts, M&M and AQAS contracts were among the largest contracts HUD awarded; and
 - Federal Procurement Report for FY 1999, which contains governmentwide data on agency contract awards and funds obligated.
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Methodology

- Held discussions with officials from
 - HUD, GSA, and Treasury regarding responsibility determination policies and practices;
 - HUD, GSA, Treasury, and OPM regarding agencies' use of criminal background checks on contractor principals; and
 - HUD, HHS, GSA, and OPM regarding agency debarment efforts.

 - Obtained statistics on contractor fraud investigations completed during FYs 1997-1999 from OIGs at the Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA. The statistics included the number of
 - completed contractor fraud investigations,
 - completed fraud investigations involving contractor principals,
 - principals who committed fraud, and
 - principals who committed fraud and had criminal histories.
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Background

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- FAR generally governs executive agencies' acquisitions.
 - FAR and agency acquisition regulations, which implement and supplement FAR, make up the Federal Acquisition Regulations System.
 - FAR in general provides guidance to agencies' contracting officers on how to award and administer contracts for the goods and services that their agencies need.
 - FAR is issued and maintained jointly by the Secretary of Defense, the Administrator of GSA, and the Administrator of the National Aeronautics and Space Administration under the Office of Federal Procurement Policy Act.



Background

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- FAR requires that agencies determine contractor responsibility before awarding government contracts.
 - Contractor responsibility determinations help ensure that government does business only with reliable, dependable, and capable contractors.
 - No contracts shall be awarded unless an affirmative determination of responsibility is made.



Background

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- FAR allows agencies to debar or suspend contractors for:
 - fraudulent or criminal offenses associated with contracts, such as embezzlement, theft, or bribery; or
 - any serious or compelling reason that affects contractor responsibility, such as failure to comply with the requirements of the Drug-Free Workplace Act of 1988.
 - Debarment precludes a contractor from receiving or participating in government contracts, generally for a period not to exceed 3 years.
 - Suspension temporarily precludes a contractor from doing business with the government for up to 18 months unless legal proceedings are initiated during that period.



Objective 1: Selected Agencies' Policies/Procedures for Making Contractor Responsibility Determinations Mirror FAR

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- FAR sets forth seven general standards that agencies' contracting officers are to use in making contractor responsibility determinations. The standards call for prospective contractors to:
 - have adequate financial resources;
 - be able to meet proposed delivery and performance schedules;
 - have satisfactory performance records;
 - have satisfactory records of integrity and business ethics;
 - have the necessary organization, experience, accounting and operational controls, and technical skills;
 - have the necessary production, construction, and technical equipment and facilities; and
 - be qualified and eligible to receive an award.



Objective 1: Selected Agencies' Policies/Procedures for Making Contractor Responsibility Determinations Mirror FAR

- FAR does not specifically require criminal background checks on contractor principals. However, agencies are not prohibited from performing such checks and may do so when they believe it is necessary or appropriate. For example:
 - An agency contracting officer found a prospective contractor nonresponsible for lack of integrity based on information in a criminal investigation report, which reported improper substitution of material and deficient performance under recent government contracts. (Becker and Schwindenhammer GmbH B-225396, Mar. 2, 1987, 87-1 CPD ¶ 235.)
 - Another agency contracting officer requested the Defense Criminal Investigative Service to conduct relevant inquiries with the state's Attorney General's Office, the Department of Justice, and Department of Defense concerning a prospective contractor's business ethics and integrity. (Tutor-Saliba Corp., Perini Corp., Buckley & Co. Inc., and O & G Industries, Inc., A Joint Venture B-255756.2, Apr. 20, 1994, 94-1 CPD ¶ 268.)
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Objective 1: Selected Agencies' Policies/Procedures for Making Contractor Responsibility Determinations Mirror FAR

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- HUD's Handbook on Procurement Policies and Procedures implements and supplements the FAR requirements concerning the information that contracting officers are expected to obtain when making contractor responsibility determinations.

 - HUD's Handbook
 - identifies sources of information cited in the FAR;
 - requires that contracting officers check with HUD OIG for information from its completed audits and investigations that could adversely affect affirmative determinations of responsibility for prospective contractors; and
 - does not require criminal background checks on contractor principals, but does not prohibit such checks.

 - According to HUD acquisition officials, contracting officers are expected to follow FAR and the HUD Handbook when making contractor responsibility determinations.
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Objective 1: Selected Agencies' Policies/Procedures for Making Contractor Responsibility Determinations Mirror FAR

- HUD practices appeared consistent with FAR and the HUD Handbook.
 - HUD's M&M and AQAS contract files showed that contractor responsibility determinations included the following information:
 - GSA debarment list;
 - Dun and Bradstreet financial reports;
 - technical evaluation panel reports, which included reviews of contractors' past performance; and
 - checks with HUD OIG for information from its completed audits and investigations that could adversely affect affirmative determinations of responsibility for prospective contractors.
 - M&M and AQAS contract files showed that criminal background checks on contractor principals, which are not required, were not done.
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Objective 1: Selected Agencies' Policies/Procedures for Making Contractor Responsibility Determinations Mirror FAR

- Like HUD, GSA's and Treasury's acquisition regulations implement and supplement FAR requirements regarding information sources for making contractor responsibility determinations.
 - GSA's and Treasury's regulations discuss information sources and procedures that contracting officers are to follow regarding such determinations. For example:
 - GSA's regulations identify procedures for obtaining information on (1) prospective contractors from appropriate activities within GSA, such as legal counsel, contract management, and OIG; and (2) prospective contractors' past performance regarding the use of subcontractors.
 - Treasury's regulations identify procedures for obtaining information on prospective contractors' credit reports.
 - According to GSA and Treasury acquisition officials:
 - Their regulations do not require criminal background checks on contractor principals.
 - Their contracting officers are expected to use the types and sources of information similar to those used by HUD when making contractor responsibility determinations.
 - Their contracting officers are not required to check with their OIGs for information on completed audits and investigations that could adversely affect affirmative determinations of responsibility for prospective contractors.
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Objective 2: Most Debarments Are Not Acquisition-Related

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- HUD was among the top five agencies regarding debarments governmentwide.
 - As of March 2000, HUD had about 1,800 debarments, few of which were acquisition-related.
 - Most of these debarments were against entities and individuals that received HUD loans, grants, subsidies, and insurance.

 - In addition to its debarments governmentwide, HUD imposes
 - Limited Denials of Participation (LDP), which exclude individuals who have not met HUD contract requirements from participating in specific HUD programs within a limited geographic area for a period not to exceed 12 months; and
 - civil money penalties, which are imposed against violators of HUD statutes, regulations, and handbooks.

 - HUD provided written guidance to its staff on debarment, LDPs, and civil money penalties.
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Objective 2: Most Debarments Are Not Acquisition-Related

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- Most HHS and OPM debarments are not acquisition-related.
 - As of March 2000, HHS (about 18,000) and OPM (about 13,000) accounted for a total of about 31,000 (70 percent) of 44,000 debarments governmentwide.
 - According to HHS and OPM officials, most of their agencies' debarments were taken against health care providers (e.g., doctors, nursing homes, home health care agencies).



Objective 3: Some Principals Found to Have Committed Fraud by Six Selected Agencies' OIGs Also Had Criminal Histories

-
- During FYs 1997-1999, HUD OIG identified three contractor fraud investigations.
 - Two investigations were ongoing.
 - One investigation had been completed.
 - HUD OIG's completed investigation involved allegations of conflict of interest by five contractor principals. Results of the investigation revealed that none of the five principals were found to have committed fraud.
 - We conducted background checks on the five principals and found that none of them had criminal histories.
 - Most of HUD OIG fraud investigations are related to contracts with the nation's nearly 3,300 Public Housing Agencies (PHA). Regarding contract fraud, HUD OIG primarily focuses on PHA procurements of goods and services and routinely develops prosecutable cases.



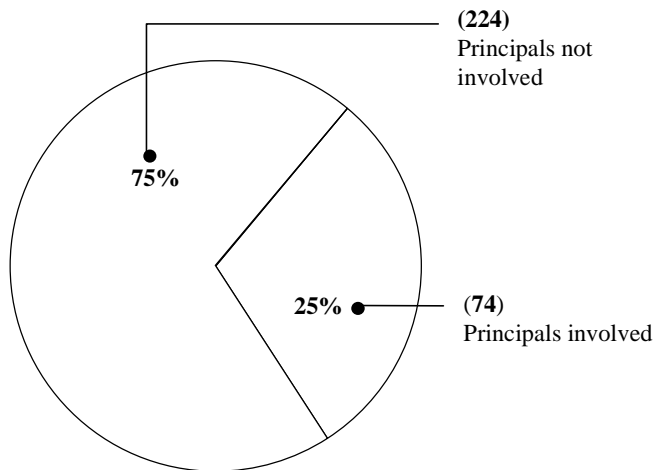
Objective 3: Some Principals Found to Have Committed Fraud by Six Selected Agencies' OIGs Also Had Criminal Histories

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- During FYs 1997-1999, OIGs at the Departments of Agriculture, HUD, Justice, Transportation, and VA and at GSA completed a total of 298 contractor fraud investigations.

 - Results of the OIGs' completed investigations showed that
 - of 298 investigations, 74 (25 percent) involved fraud allegedly committed by principals;
 - for the 74 investigations, a total of 151 principals were investigated for allegedly committing fraud;
 - of the 151 principals investigated, 56 were found to have committed fraud; and
 - of the 56 principals who committed fraud, 8 had criminal histories.



Objective 3: Six Selected Agencies' OIG Completed Contractor Fraud Investigations That Involved Principals



- Total of 298 contractor fraud investigations were completed.
- Of 298 investigations:
 - 74 (25 percent) involved principals.
 - 224 (75 percent) did not involve principals.

Source: Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA OIGs.



Objective 3: Six Selected Agencies' OIG Completed Contractor Fraud Investigations That Involved Principals

Contractor fraud investigations

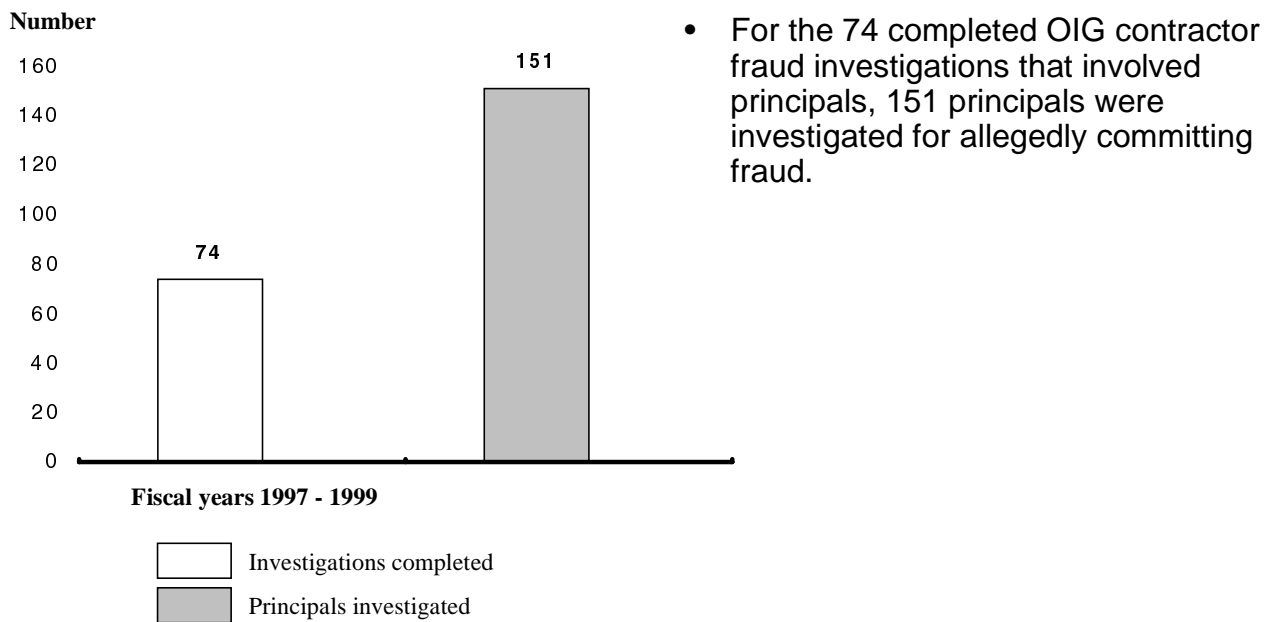
Agency Office of Inspector General	Number completed	Number involving principals
Department of Agriculture	9	2
General Services Administration	117	35
Department of Housing and Urban Development	1	1
Department of Justice	10	5 ^a
Department of Transportation	77	11
Department of Veterans Affairs	84	20
Total	298	74 (25%)

^a Three of the five fraud investigations reported by the Department of Justice involved subcontractor principals.

Source: Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA OIGs.



Objective 3: Six Selected Agencies' OIG Completed Contractor Fraud Investigations That Involved Principals



Source: Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA OIGs.



Objective 3: Six Selected Agencies' OIG Completed Contractor Fraud Investigations and Number of Principals Investigated

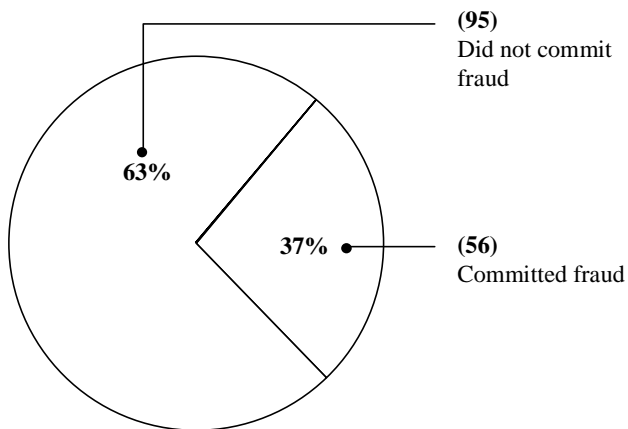
Agency Office of Inspector General	Number of investigations involving principals	Number of principals investigated
Department of Agriculture	2	3
General Services Administration	35	55
Department of Housing and Urban Development	1	5
Department of Justice	5 ^a	7
Department of Transportation	11	53
Department of Veterans Affairs	20	28
Total	74	151

^a Three of the five fraud investigations reported by the Department of Justice OIG involved subcontractor principals.

Source: Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA OIGs.



Objective 3: Principals Found to Have Committed Fraud by Six Selected Agencies' OIGs



- Total of 151 principals alleged to have committed fraud were investigated.
- Of the 151 principals investigated:
 - 56 (37 percent) committed fraud.
 - 95 (63 percent) did not commit fraud.

Source: Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA OIGs.



Objective 3: Principals Found to Have Committed Fraud by Six Selected Agencies' OIGs

Contractor principals

Agency Office of Inspector General	Number investigated for fraud	Number found to have committed fraud
Department of Agriculture	3	1
General Services Administration	55	4
Department of Housing and Urban Development	5	0
Department of Justice	7	7 ^a
Department of Transportation	53	30
Department of Veterans Affairs	28	14
Total	151	56

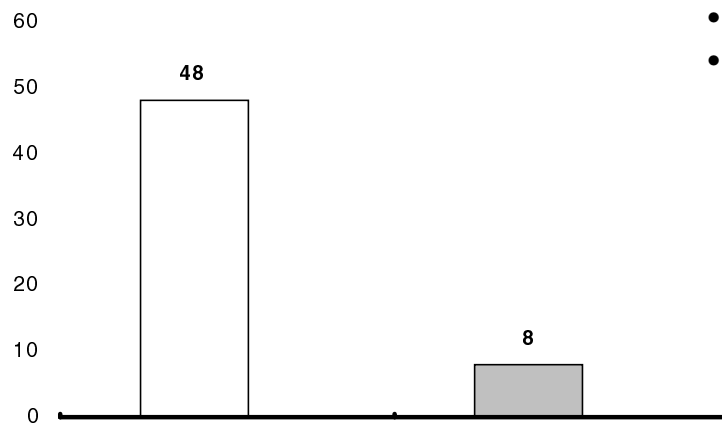
^a Five of the seven principals who committed fraud were subcontractor principals.

Source: Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA OIGs.



Objective 3: Principals Who Committed Fraud and Had Criminal Histories at Six Selected Agencies

Number



Did not have criminal histories
Had criminal histories

- Of 56 principals who committed fraud:
 - 8 had criminal histories.
 - 48 did not have criminal histories.

Source: Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA OIGs.



Objective 3: Principals Who Committed Fraud and Had Criminal Histories at Six Selected Agencies

Contractor principals		
Agency Office of Inspector General	Number who committed fraud	Number who committed fraud and had criminal histories
Department of Agriculture	1	0
General Services Administration	4	0
Department of Housing and Urban Development	0	0
Department of Justice	7	4 ^a
Department of Transportation	30	2
Department of Veterans Affairs	14	2
Total	56	8

^a Three of the four principals who committed fraud and had criminal histories were subcontractor principals.

Source: Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA OIGs.

New Contracts Awarded and Funds Obligated for Acquisitions Above \$100,000 by Six Selected Agencies for Fiscal Years 1997-1999^a

New contracts awarded		Funds obligated by fiscal year (in thousands) (in constant FY99 dollars)			Total funds obligated (in thousands) (in constant FY99 dollars)
Fiscal year	Number	FY 1997	FY 1998	FY 1999	FYs 1997-1999
1997	5,932	\$6,182,334	\$809,463	\$568,871	\$7,560,668
1998	6,499	---	5,747,320	796,214	6,543,534
1999	5,836	---	---	6,379,657	6,379,657
Total	18,267	\$6,182,334	\$6,556,783	\$7,744,742	\$20,483,859

Note: We did our analysis based on contract purchases above \$100,000 because FAR permits purchases at \$100,000 or below to use simplified acquisition procedures that are less complex and eliminate various requirements compared to acquisition procedures used for contracts above \$100,000.

^aThe six selected agencies were the Departments of Agriculture, HUD, Justice, Transportation, and VA and GSA.

Source: GAO analysis of data obtained from Federal Procurement Data System.

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