



Highlights of [GAO-05-479](#), a report to congressional committees

FEDERAL PROCUREMENT

Additional Data Reporting Could Improve the Suspension and Debarment Process

Why GAO Did This Study

Federal government purchases of contracted goods and services have grown to more than \$300 billion annually. To protect the government's interests, the Federal Acquisition Regulation (FAR) provides that agencies can suspend or debar contractors for causes affecting present responsibility—such as serious failure to perform to the terms of a contract. The FAR provides flexibility to agencies in developing a suspension or debarment process.

GAO was asked to (1) describe the general guidance on the suspension and debarment process and how selected agencies have implemented the process, and (2) identify any needed improvements in the suspension and debarment process. We examined the FAR and the regulations of 24 agencies that have FAR supplements governing suspension and debarment procedures. We selected 6 defense and civilian agencies representing about 67 percent of fiscal year 2003 federal contract spending for in-depth review.

What GAO Recommends

GAO makes two recommendations: that GSA make contractor identification numbers a required field in the EPLS database and that OMB require sharing of data on administrative agreements and compelling reason determinations. DOD, GSA, and OMB concurred with these recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-05-479.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

What GAO Found

The FAR prescribes policies governing the circumstances under which contractors may be suspended or debarred, the standards of evidence that apply to exclusions, and the usual length of these exclusions. To implement these policies, 24 agencies developed FAR supplementation. In fiscal year 2004, the 6 agencies we reviewed in depth suspended a total of 262 parties and debarred a total of 590 parties. Five agencies entered into a total of 38 administrative agreements, which permit contractors that meet certain agency-imposed requirements to remain eligible for new contracts. Agency officials said that such agreements can help improve contractor responsibility, ensure compliance through monitoring, and maintain competition. In certain circumstances, agencies can continue to do business with excluded contractors, such as when there is a compelling need for an excluded contractor's service or product. In fiscal year 2004, two of the agencies we reviewed in depth—the Air Force and the Army—issued compelling reason waivers to continue doing business with excluded parties.

To help ensure excluded contractors do not unintentionally receive new contracts during the period of exclusion, the FAR requires contracting officers to consult the Excluded Parties List System (EPLS)—a governmentwide database on exclusions—and identify any competing contractors that have been suspended or debarred. However, the data in EPLS may be insufficient for this purpose. For example, as of November 2004, about 99 percent of records in EPLS for the 6 agencies we reviewed in depth did not have contractor identification numbers—a unique identifier that enables agencies to conclude confidently whether a contractor has been excluded. In the absence of these numbers, agencies use the company's name to search EPLS, which may not identify an excluded contractor if the contractor's name has changed. Further, information on administrative agreements and compelling reason determinations is not routinely shared among agencies. Such information could help agencies in their exclusion decisions and promote greater transparency and accountability.

Actions Taken by Six Selected Agencies in Fiscal Year 2004

Agency	Suspensions	Proposed debarments	Debarments	Administrative agreements
Air Force	94	246	233	2
Army	68	113	90	9
Navy	2	27	33	0
Defense Logistics Agency	12	147	133	1
GSA	70	53	33	4
EPA	16	65	68	22
Total	262	651	590	38

Source: Agency-reported data.