

**STATEMENT OF**  
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**U.S. GENERAL SERVICES ADMINISTRATION**  
**BEFORE THE**  
**COMMITTEE ON OVERSIGHT**  
**AND GOVERNMENT REFORM**  
**U.S. HOUSE OF REPRESENTATIVES**  
**FEBRUARY 26, 2009**



Chairman Towns, Ranking Member Issa, and Members of the Committee, I would like to thank the House Committee on Oversight and Government Reform for inviting me here today to discuss the U.S. General Services Administration's Excluded Parties List System (EPLS). GSA takes its role as the central management agency and the leader in interagency procurement very seriously. My testimony will discuss GSA's commitment to transparency and fairness in acquisition processes, the EPLS report issued by the Government Accountability Office (GAO), and actions we are taking as a result of GAO's recommendations.

As Commissioner of GSA's Federal Acquisition Service (FAS), I oversee an organization that is a catalyst for over \$50 billion in federal spending including an interagency fleet of 200,000 vehicles, and commercial products and services ranging from office supplies to complex network systems costing more than \$100 million. The GSA Multiple Award Schedules program is one of the Federal government's best known and most popular contracting vehicles for customers to use in fulfilling their missions. Through GSA Schedules we offer 18 million commercial products and services available from over 17,000 contractors at a volume of approximately \$38 billion.

We see our role as providing a centralized delivery system for federal agencies to obtain commonly used goods and services from the private sector in a timely and efficient manner. In this role, we provide an interface allowing the private sector to have low-cost and effective market entry into the government marketplace. We offer e-systems to help companies obtain GSA contracts, manage procurement transactions, and publicize business opportunities. These e-systems allow for faster and easier procurement and ordering processes, increase accessibility and transparency into the acquisition process, and minimize costs to businesses wanting to sell to the government.

As part of that role, the Office of Management and Budget (OMB) designated the GSA as the lead agency managing the Integrated Acquisition Environment (IAE). The IAE is an e-Gov initiative streamlining the federal acquisition process, composed of ten acquisition systems facilitating every phase of the acquisition lifecycle, from market research to contract administration. Through the IAE, acquisition functions common to all agencies are now centrally managed as shared systems. Additionally, the IAE business structure provides a secure business environment that facilitates and supports acquisitions critical to all agency mission performance.

The EPLS, as part of the IAE, is an electronic, web-based system identifying parties excluded from receiving federal contracts, certain subcontracts, and certain types of federal financial and non-financial assistance and benefits. The EPLS keeps the federal acquisition community aware of administrative and statutory exclusions across the executive branch,. Users are able to search, view, and download both current and archived exclusions.

Recently the GAO completed a report “Excluded Parties List System: Suspended and Debarred Businesses and Individuals Improperly Receive Federal Funds” (GAO 09-174). In that report, GAO found that, due to a number of different reasons, businesses and individuals excluded from government contracting through suspension or debarment had been able to receive federal funds after their exclusion. Some of the reasons include officials failing to search EPLS as required by the FAR, the failure of searches to reveal the exclusions due to EPLS system limitations or user error, or, in some cases, unscrupulous contractors who were able to circumvent the terms of their exclusions by operating under different identities. GAO also found that some excluded parties were listed on GSA’s Multiple Award Schedules.

GAO made five recommendations to GSA to strengthen controls over EPLS, including issuing guidance to agency officials on EPLS requirements, ensuring that the system requires the entry of contractor identification numbers, strengthening the search capabilities of the system, updating the EPLS points of contacts and adding warnings to GSA e-tools reminding users to check EPLS when making a Schedules purchase. Mr. David Drabkin, the Acting Chief Acquisition Officer for GSA, is here with me today and will detail specific actions GSA has taken to address issues raised by the GAO report regarding the EPLS.

The GAO report noted that there were instances where excluded parties were still listed on GSA’s Multiple Award Schedules, potentially resulting in agencies making purchases from excluded parties if they did not check the EPLS. In fact, the GAO did make such a purchase and did not find adequate warnings in our systems to check EPLS.

FAS understands how important its role is in the interagency contracting system. To that end we regularly refine our systems and guidance to agencies when we become aware of issues such as those raised in the GAO report. In a letter to the GAO on behalf of GSA, we committed to take actions to mitigate against customers placing orders with Multiple Award Schedules vendors appearing on the EPLS. Specifically, FAS is taking the following actions: (1) add reminders to customer-facing e-tools ensuring prospective customers are aware of potential excluded parties prior to placing task orders; (2) establish and place messages within e-tools reminding purchasers to check the EPLS website prior to placing a task order; and (3) provide direct access links to the EPLS website within GSA Advantage, eBuy, and eLibrary to allow for easy access to suspension and debarment information.

Also included in the report was the recommendation to explore the feasibility of removing or identifying excluded entities listed on the Multiple Award Schedules. In accordance with FAR 9.405-1, "Continuation of current contracts," a GSA Contracting Officer may take such action as terminating a contractor's Schedules contract only after consulting with legal counsel and others. The appropriate GSA Contracting Officer works with GSA's Office of General Counsel on a case-by-case basis to determine what type of contractual action may be appropriate.

Finally, pursuant to FAR 9.405-1(b), unless an agency head determines that there are compelling reasons to order from a debarred, suspended, or proposed for debarment vendor, ordering activities should not take place. FAS is also reviewing the potential for marking excluded parties in its e-systems.

One of my initiatives as Commissioner of FAS was the establishment of the Program Office to provide management and support for the GSA Multiple Award Schedules Program. The Program Office is currently evaluating all internal and external training and will ensure that internal guidance directs the review of EPLS at all appropriate times in the procurement process. The guidance will also describe steps for potential cancellation of schedule contracts held by excluded entities. For all external training, the office will include reminders to review the EPLS prior to award of task orders by all ordering entities under the Schedules Program.

In closing, I have a strong commitment to ensuring transparency, fairness and accountability in our processes and ensuring that the Federal Government acts as a good steward of taxpayer dollars. Enabling customer mission success, while ensuring compliance with laws and regulations, is critical to achieving our vision of providing excellence in the business of government. Our ongoing ability to deliver great service, great value, and continuous innovation to help our customers better meet their missions is the core of GSA's and FAS' own mission.

I want to thank the Committee for its attention and would like to introduce Mr. David Drabkin, GSA's Acting Chief Acquisition Officer.