



Fact Sheet

AGENCIES FAIL TO SUSPEND OR DEBAR COMPANIES

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Chairman, Subcommittee on Contracting Oversight

Under the Federal Acquisition Regulation, agencies are authorized to suspend or debar irresponsible contractors. Individuals and companies can be suspended or debarred for offenses including fraud, delinquent federal taxes, violations of the Drug-Free Workplace Act, lack of business integrity, or any other “serious or compelling” cause.

Over the last five years, GAO, agency inspectors general, and other officials have issued countless reports of waste, fraud, and abuse in contracts across the federal government. Despite these findings, federal agencies have only rarely used the suspension and debarment process to protect the government’s interest. In fact, agencies have consistently failed to suspend or debar even those companies who have been convicted through the work of their own Inspectors General.

The federal government suspends or debars far more individuals than companies. More than 61,000 individuals but fewer than 5,500 companies are currently excluded from receiving federal contracts. In other words, 10 times more individuals than companies have been suspended or debarred.

In 2008, the federal government awarded contracts to more than 227,000 companies. Only 452 companies were suspended or debarred in 2008.¹

Defense Department: From 2004 through March 2009, the Defense Department Office of Inspector General reported 2768 convictions. The Defense Department suspended or debarred only 708 individuals and companies.

State Department: The State Department is the second largest Department responsible for contracting in Iraq and Afghanistan behind the Department of Defense. During a four year period, from 2005 through 2008, the State Department awarded contracts to 89,593 companies and debarred only one company. In 2005, 2006 and 2008, the State Department did not debar a single company or individual.

Department of Homeland Security: From 2005 through 2008, DHS awarded 325,270 contracts to 67,696 different contractors and debarred just 4 companies. In 2006, amidst

¹ Data in this fact sheet are from the Semiannual Reports of Inspectors General, USASpending.gov, and the Excluded Parties List System.

widespread reports of waste, fraud, and abuse following Hurricane Katrina, DHS did not suspend or debar a single company.

US Agency for International Development: USAID has debarred only one firm in 2009 to date. In 2007 and 2008, the agency did not debar any companies.

Small Business Administration: From 2004 through March 2009, the SBA Office of Inspector General reported 220 convictions and just 41 debarments. In 2008, despite more than 25 convictions reported by the SBA Inspector General, SBA did not suspend or debar a single company.