



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

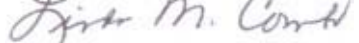
August 31, 2006

M-06-26

MEMORANDUM TO THE HEADS OF DEPARTMENTS AND AGENCIES

FROM:

Paul A. Denett 
Administrator for Federal Procurement Policy

Linda M. Combs 
Controller, Office of Federal Financial Management

SUBJECT:

Suspension and Debarment, Administrative Agreements, and Compelling Reason Determinations

The Government Accountability Office (GAO) issued a report entitled "*FEDERAL PROCUREMENT, Additional Data Reporting Could Improve the Suspension and Debarment Process*," (GAO-05-479). GAO recommended that agencies collect information on their use of administrative agreements and compelling reason determinations, and make this information available to all suspension and debarment officials. We agree with GAO's recommendation and ask that you direct your agency debarment and suspension officials to provide this information to the Interagency Suspension and Debarment Committee (ISDC).

Agencies sometimes enter into administrative agreements with contractors and grant recipients as an alternative to suspension or debarment from doing business with the Federal government. Compelling reason determinations are agency decisions to do business with a contractor or grant recipient as an exception to a government-wide exclusion or debarment. GAO found, when considering taking action with respect to a particular contractor or grant recipient, that debarment and suspension officials should know whether another agency had ever used an administrative agreement with that contractor or grantee, what the terms of the agreement were and whether the contractor or grantee had complied with the agreement. Similarly, GAO found that information on agency compelling reason determinations should be shared among agency debarment and suspension officials.

The Office of Management and Budget (OMB) is authorized under Executive Order 12549 to issue guidelines relating to suspension and debarment of participants in Federal programs. The ISDC established under Section 4 of the Order, has operated since 1987 to monitor implementation of the Order. OMB designated the Environmental Protection Agency to chair this interagency committee.

We plan on working with the ISDC to develop further guidance and implement the GAO recommendation, as necessary. We expect that the guidance will be developed within one year of the issuance of this memo. If you have questions or need more information on this subject, please contact Mike Gerich, at (202) 395-6811, or Tyson Whitney, at (202) 395-3053.