



September 2024

# FEDERAL CONTRACTORS

## Actions Needed to Improve Quality of Performance and Integrity Data

# GAO Highlights

Highlights of [GAO-24-106911](#), a report to congressional requesters

## Why GAO Did This Study

In fiscal year 2023, the federal government awarded contracts to about 109,000 contractors with about \$760 billion in obligations. Contracting officers are generally required to ensure that prospective contractors are responsible and can successfully perform the work. Reviewing information in FAPIIS is required for contracts above a certain dollar threshold.

GAO was asked to review agencies' policies and processes pertaining to integrity data. This report: (1) describes the integrity information reported in FAPIIS; and examines (2) the extent to which there are data gaps in FAPIIS government-wide; and (3) the extent to which selected agencies' policies and processes ensure the quality of contractor integrity information.

GAO analyzed FAPIIS data reported from fiscal years 2019 through 2023 and compared them against other sources to check data quality. GAO analyzed documents and interviewed officials at DOD, DOE, GSA, HHS, and VA (agencies selected based on high contract obligations and number of integrity records), as well as at OMB, on integrity data quality policies and processes.

## What GAO Recommends

GAO is making four recommendations, including that OMB reiterate integrity reporting requirements, and that DOD and GSA take steps to ensure their personnel have awareness of integrity reporting requirements. All of the agencies concurred with the recommendations. DOD and GSA identified specific steps to address the recommendations to them.

View [GAO-24-106911](#). For more information, contact Mona Sehgal at (202) 512-4841 or [sehgal@gao.gov](mailto:sehgal@gao.gov).

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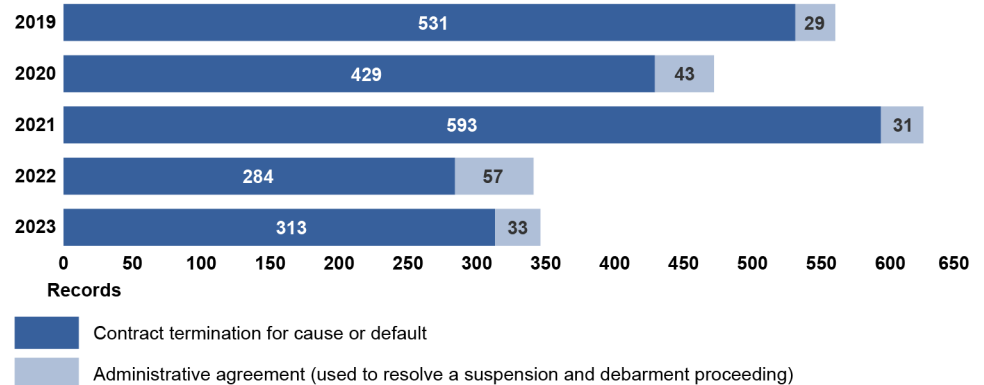
## Actions Needed to Improve Quality of Performance and Integrity Data

### What GAO Found

The Federal Awardee Performance and Integrity Information System (FAPIIS) is a database that provides a "report card" on prospective contractors. FAPIIS data—referred to as integrity records—include information such as whether a contract was terminated due to the fault of the contractor. Agencies are responsible for reporting FAPIIS data in accordance with federal regulations.

Federal agencies reported 2,384 integrity records in FAPIIS for contractors from fiscal years 2019 through 2023. Ninety percent of those records were for contract terminations.

**Selected Types of Government-wide Integrity Records, Fiscal Years 2019-2023**  
Fiscal Year



Source: GAO analysis of integrity data available in the System for Award Management. | GAO-24-106911

During the 5-year period, GAO identified government-wide reporting gaps. Specifically, 335 contract terminations and 52 administrative agreements were reported in other sources but not in FAPIIS. The reporting gaps merit a reiteration of the Office of Management and Budget's (OMB) guidance on actions that agencies can take to ensure the quality of integrity records.

Selected agencies varied in the extent to which their policies and processes ensured integrity data quality. For example:

- The Department of Defense (DOD) has processes to check terminations but had limited insight into why 166 records were not reported in FAPIIS.
- The General Services Administration (GSA) cited gaps in its guidance and limited awareness of reporting requirements among personnel as the causes for terminations not reported in FAPIIS.
- The Departments of Energy (DOE), Health and Human Services (HHS), and Veterans Affairs (VA) cited various reasons for not reporting terminations and have since addressed them.

The extent of overall FAPIIS underreporting government-wide and at GAO's selected agencies warrants additional action from OMB and some agencies. Ensuring awareness of these requirements among agencies' personnel will improve the quality of information to support award decisions.

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**Abbreviations**

DOD	Department of Defense
DOE	Department of Energy
FAPIIS	Federal Awardee Performance and Integrity Information System
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
GSA	General Services Administration
HHS	Department of Health and Human Services
ISDC	Interagency Suspension and Debarment Committee
OMB	Office of Management and Budget
SAM	System for Award Management
VA	Department of Veterans Affairs

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September 25, 2024

The Honorable Gerald E. Connolly  
Ranking Member  
Subcommittee on Cybersecurity, Information Technology, and  
Government Innovation  
Committee on Oversight and Accountability  
House of Representatives

The Honorable Katie Porter  
House of Representatives

Each year, federal agencies rely on thousands of contractors to help accomplish their missions. In fiscal year 2023 alone, federal agencies awarded contracts to approximately 109,000 contractors, obligating about \$760 billion.<sup>1</sup> Many of these contractors are awarded contracts at multiple agencies. The government's reliance on contractors makes it critical that federal agencies have accurate information to help determine if vendors are responsible and can successfully perform the work and meet the terms of the contract prior to awarding contracts.

The Federal Awardee Performance and Integrity Information System (FAPIIS) database was designed to enhance the government's ability to evaluate the ethics and quality of prospective contractors competing for federal contracts and to protect taxpayers from doing business with nonresponsible contractors. FAPIIS provides a prospective contractor's "Report Card" that includes information such as whether an adverse action occurred and was reported by agencies. For example, if a contract was terminated due to the fault of the contractor, agencies are required to enter this integrity information in FAPIIS. The Federal Acquisition Regulation (FAR) requires contracting officers to document in the contract file how they use contractor performance and integrity information when making any responsibility determination for a contract award over the

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<sup>1</sup>We used unique entity identifiers to count the number of contractors with integrity records in the System for Award Management (SAM). We refer to these unique entities as individual contractors. Some contractors use a generic unique entity identifier, including foreign contractors that are not required to obtain a unique entity identifier and would not be included in the count.

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simplified acquisition threshold.<sup>2</sup> We previously reported on the importance of having complete and accurate data to make contract award decisions and to mitigate risks to the government.<sup>3</sup>

You asked us to review the policies and processes that agencies have in place to ensure the quality of integrity information. This report: (1) describes the contractor performance and integrity information reported in FAPIIS; and examines: (2) the extent to which there are data gaps in government-wide integrity information in FAPIIS; and (3) the extent to which selected agencies have policies or processes to ensure data quality of contractor integrity information.

To describe the contractor performance and integrity information that agencies report in FAPIIS, we analyzed available government-wide integrity records from fiscal years 2019 through 2023, the latest full fiscal years of integrity records at the time of our review.<sup>4</sup> We selected the time frame based on the 5-year retention period in FAPIIS. Since our review focused on federal contracts, we removed records associated with grants.

To determine the extent of data gaps in integrity information in FAPIIS government-wide, we compared: (1) termination records in FAPIIS with termination data in the Federal Procurement Data System (FPDS), and (2) administrative agreement records in FAPIIS with administrative agreement information reported in the Interagency Suspension and Debarment Committee (ISDC) annual reports from fiscal years 2019

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<sup>2</sup>FAR 9.104-1. To be determined responsible, a prospective contractor must meet certain qualifications, such as having a satisfactory performance record and a satisfactory record of integrity and business ethics, among other things. FAR 9.104-6. Agencies generally must use simplified acquisition procedures for purchases of goods or services at or below the simplified acquisition threshold. The simplified acquisition threshold generally is \$250,000, but it increases to \$800,000 for contracts to be awarded and performed inside the U.S. and determined by the head of the agency to support a response to an emergency or major disaster declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. FAR 2.101.

<sup>3</sup>GAO, *COVID-19 Contracting: Opportunities to Improve Practices to Assess Prospective Vendors and Capture Lessons Learned*, [GAO-21-528](#) (Washington, D.C.: July 29, 2021); *Contractor Performance: DOD Actions to Improve the Reporting of Past Performance Information*, [GAO-13-589](#) (Washington, D.C.: June 27, 2013); and *Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions*, [GAO-09-374](#) (Washington, D.C.: Apr. 23, 2009).

<sup>4</sup>For the purposes of this report, we refer to records entered in FAPIIS as integrity records.

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through 2023.<sup>5</sup> To identify the reporting requirements for integrity information, we reviewed the FAR, agency supplements to the FAR, and guidance from the Office of Management and Budget's (OMB) Office of Federal Procurement Policy. We interviewed OMB officials and representatives from the ISDC and the Procurement Committee for E-Government on their perspectives on reporting integrity information.

We selected a nongeneralizable sample of five agencies that (1) had a range of high and low number of integrity records in FAPIIS, and (2) were among the agencies with the highest contract obligations from fiscal years 2018 through 2022, the most recent data available at the time of our selection. We selected:

- the Department of Defense (DOD),
- the Department of Energy (DOE),
- the Department of Health and Human Services (HHS),
- the Department of Veterans Affairs (VA), and
- the General Services Administration (GSA).

We also selected one component from within each agency based on high contract obligations and number of contracts awarded during that same time frame.

To assess the extent to which the selected agencies had policies and processes in place to ensure the quality of integrity information, we reviewed the FAR, agency supplements to the FAR, agency guidance, and other documentation related to ensuring the data quality of integrity information. We interviewed agency officials responsible for overseeing integrity information on their policies or processes to ensure the quality of integrity information.

To determine the extent to which selected agencies reported integrity information in FAPIIS, we conducted the same comparative analysis that we used for our government-wide data assessment for termination and administrative agreement records. DOD has two agencies that are involved with defective cost or pricing data audits—the Defense Contract

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<sup>5</sup>Section 873 (a)(7) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Public Law 110-417 requires the ISDC to report annually to Congress on federal suspension and debarment process information. Included in this information are administrative agreements, which are intended to resolve a suspension and debarment proceeding. The ISDC annual reports were available up to fiscal year 2022.

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Audit Agency conducts these audits and if delegated from contracting officers, the Defense Contract Management Agency adjudicates the audits. To identify defective cost or pricing data records for DOD, we collected documentation and interviewed officials from these agencies and DOD's Defense Pricing, Contracting, and Acquisition Policy office on the defective pricing audits that the Defense Contract Audit Agency conducted for DOD and associated documentation on the adjudicated audits.

We assessed the reliability of integrity records by reviewing existing information about the System for Award Management (SAM) and the data it collects. We determined the data to be reliable for the purposes of (1) describing the integrity information reported in FAPIIS, and (2) identifying data discrepancies and underreporting of the integrity records. We verified our analysis of integrity records on terminations and administrative agreements with officials from the selected agencies.

See appendix I for more information on our scope and methodology.

We conducted this performance audit from June 2023 to September 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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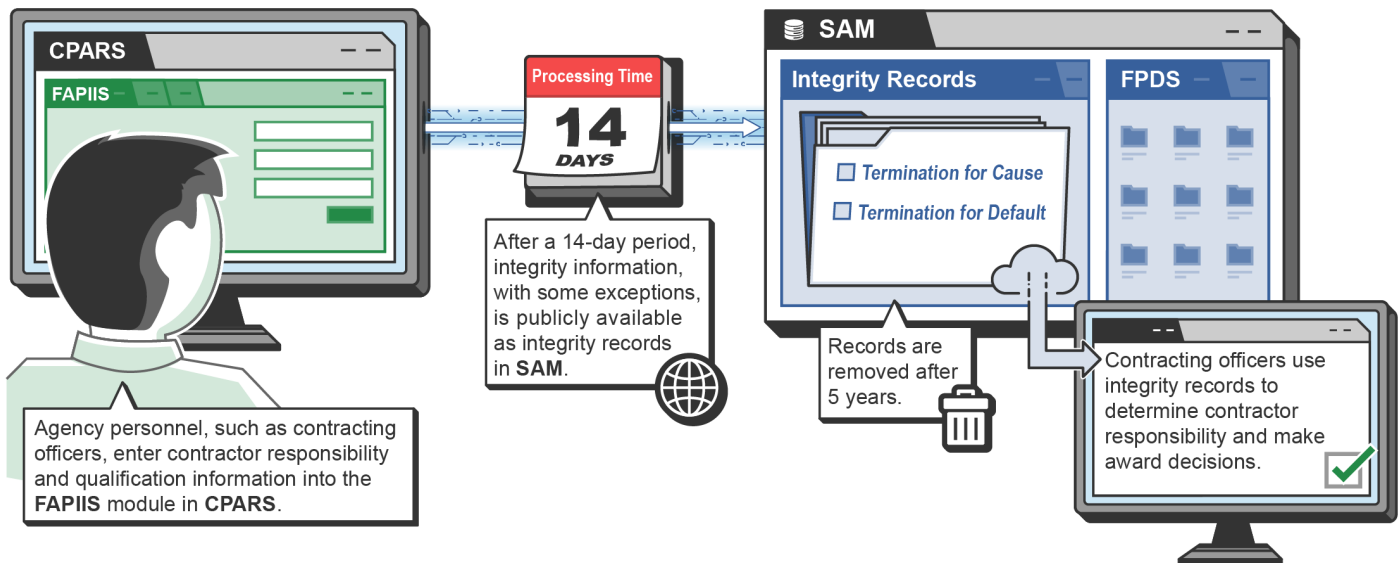
## Background

FAPIIS was established in 2010 to track federal contractor integrity information. It contains information about a contractor's performance and business ethics to help ensure that the government awards contracts to responsible vendors. In December 2022, FAPIIS records transitioned to SAM and are now referred to as responsibility/qualification records. SAM serves as the primary government repository for contractor information. Even though records are reported in SAM, data entry in FAPIIS remains the same.

Agency personnel, such as contracting officers, enter data into the FAPIIS module of the Contractor Performance Assessment Reporting System—a reporting tool for all past contractor performance evaluations. See figure 1 for the process of entering integrity records.



**Figure 1: Process for Entering and Reporting Contractor Integrity Records**



CPARS: Contractor Performance Assessment Reporting System  
 FAPIIS: Federal Awardee Performance and Integrity Information System  
 SAM: System for Award Management  
 FPDS: Federal Procurement Data System

Source: GAO analysis of federal regulations and agency documentation. | GAO-24-106911

Resources and training materials are available for contracting officers and other agency personnel that use the systems. These resources include the Contractor Performance Assessment Reporting System user manual and the SAM role management guide. Agencies can raise issues related to data collection, reporting, and analysis through various forums. For example, the Procurement Committee for E-Government represents the federal acquisition community and resolves any issues arising from government procurement systems.

## Reporting Requirements for Integrity Records

There are a total of 11 different integrity record types required to be entered in FAPIIS. Six of these apply only to contractors, one applies only to DOD contractors, one applies to both contractors and grantees, and three apply only to grantees, according to federal regulations.<sup>6</sup> The record type specific to DOD is required by the department’s regulatory

<sup>6</sup>Three record types are covered by federal regulations pertaining to grants and are not included as part of our analysis: (1) material failure to comply with closeout requirements; (2) termination for material failure to comply; and (3) recipient not qualified determination.

supplement to the FAR.<sup>7</sup> See table 1 for information on the different integrity record types.

**Table 1: Types of Records Required to Be Entered in the Federal Awardee Performance and Integrity Information System (FAPIIS)**

Integrity record type	Description and reporting requirements	Associated with federal contractors or grantees
Termination for default <sup>a</sup>	Occurs when the government exercises its right to fully or partially terminate a contract if the contractor defaults, fails to comply with contract terms and conditions, or fails to provide adequate assurances of future performance. Record must be entered within 3 calendar days of the contracting officer issuing a final termination for default.	Contractors
Termination for cause <sup>a</sup>	Only applies to contracts for commercial items. Occurs when the government exercises its right to fully or partially terminate a contract if the contractor defaults, fails to comply with contract terms and conditions, or fails to provide adequate assurances of future performance. Record must be entered within 3 calendar days of the contracting officer issuing a final termination for cause.	Contractors
Nonresponsibility determination	Occurs when there is a lack of satisfactory performance record or satisfactory record of integrity and business ethics. Record must be entered within 3 working days of the nonresponsibility determination.	Contractors
Defective cost or pricing	Occurs when the contractor fails to adequately submit current, accurate, and complete cost or pricing data that resulted in an increase to the contract price. Record must be entered within 3 calendar days of the contracting officer issuing a final determination of the defective cost or pricing data. If a contracting officer subsequently changes the final determination concerning defective cost or pricing data, that information must be reported within 3 calendar days of the change.	Contractors
Subcontract payment issues	Occurs when the contractor has a history of three or more unjustified reduced or untimely payments to small business subcontractors under a single contract within a 12-month period. Record must be entered within 3 calendar days of the contracting officer's determination of this occurrence.	Contractors
Department of Defense (DOD) determination of contractor fault	Occurs if a DOD official makes a determination that a contractor or subcontractor (that is not subject to the jurisdiction of the U.S. court) through negligence or disregard for the safety of a government personnel caused serious bodily injury. This is a record specific to DOD and must be entered within 3 days of the contracting officer receiving notice of the determination.	Contractors
Information on trafficking in persons <sup>b</sup>	Occurs when a contracting officer receives a final determination after an administrative proceeding that substantiates an allegation of a trafficking in persons violation. Record must be entered within 3 calendar days of contracting officer receipt of this final determination.	Contractors

<sup>7</sup>Defense Federal Acquisition Regulation Supplement 209.105-2-70.

Integrity record type	Description and reporting requirements	Associated with federal contractors or grantees
Administrative agreements	An agreement can apply to a single or multiple contractors (or grantees) to resolve a suspension or debarment proceeding. The agreement contains certain actions that are to be taken within a given time frame to mitigate business risk. The terms are tailored based on the contractor's or grantee's circumstances. Record must be entered by suspension and debarment officials within 3 working days of resolving the suspension and debarment proceedings.	Contractors or grantees
Material failure to comply with closeout requirements	Occurs when the grantee fails to complete the requirements to close out the award at the end of the period of performance.	Grantees
Termination for material failure to comply	Occurs when an agency terminates an award prior to the end of the period of performance, due to the grantee's failure to comply with the terms and conditions of the award. The information is required to be reported either after the grantee (i) has exhausted its opportunities to object or challenge the decision or (ii) has not, within 30 calendar days after being notified of the termination, informed the awarding agency that it intends to appeal the termination.	Grantees
Recipient not qualified determination	Occurs upon the determination that the prospective grantee does not meet minimum qualification standards of satisfactory performance records.	Grantees

Source: GAO analysis of federal regulations and agency documentation. | GAO-24-106911

<sup>a</sup>A termination for convenience occurs when the government reserves the right to terminate the contract, or any part hereof, for its sole convenience. As it is not the fault of the contractor, it is not reported in FAPIIS. If a termination for default is withdrawn or converted to a termination for convenience, this information must be updated in FAPIIS within 3 calendar days of the conversion.

<sup>b</sup>22 U.S.C. sec. 7104b(d) requires the head of an agency to include in FAPIIS substantiated allegations from an agency's Inspector General report that a recipient of a grant or contract is in violation of the trafficking in persons prohibitions. The government-wide training on integrity records instructs users to record the information in the trafficking in persons field for contractor records, but does not do so for grantee records.

In addition to FAR reporting requirements, the ISDC is required to annually report, among other things, each agency's activities and accomplishments in the government-wide debarment system and the progress and efforts to improve the suspension and debarment system.<sup>8</sup> The ISDC serves as a forum to discuss government-wide suspension and debarment related issues, facilitates agency coordination, and assists with policy development. The annual reports provide a summary of the suspension and debarment-related activities—including administrative agreements—each fiscal year.

<sup>8</sup>Section 873 (a)(7) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Public Law 110-417 requires the ISDC to report annually to Congress on federal suspension and debarment process information. Included in this information are administrative agreements.

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## Responsibility Determination

The FAR requires that before awarding any contract over the simplified acquisition threshold—generally set at \$250,000—a contracting officer must determine if the prospective contractor is responsible.<sup>9</sup> To be determined responsible, a prospective contractor must meet certain qualifications, such as having a satisfactory performance record and a satisfactory record of integrity and business ethics, among others. In general, the determination of a prospective contractor’s responsibility is within the broad discretion of the contracting officer.

The FAR requires contracting officers to review the contractor’s performance and integrity information in FAPIIS prior to making a contract award above the simplified acquisition threshold. Contracting officers must use sound judgment when determining the relevance of the integrity information. They must also document in the contract file how they use that information and the action taken as a result. Since contracting officers use their discretion, having an integrity record in FAPIIS would not preclude a prospective contractor from being considered responsible and the contractor could receive a federal award. If contracting officers make a nonresponsibility determination for a prospective contractor—based on the lack of a satisfactory performance record or satisfactory record of integrity and business ethics—they are required to document that information in FAPIIS if the contract is over the simplified acquisition threshold.

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## Government-wide Guidance

In addition to regulatory requirements on FAPIIS reporting, OMB has issued several memorandums on procurement data quality. For example, a 2011 OMB memorandum establishes the verification and validation process for agencies’ procurement data entered in FPDS and other acquisition information systems.<sup>10</sup> Specifically, it describes the requirement for agencies’ Chief Acquisition Officers to annually certify to OMB and GSA that their previous fiscal year’s FPDS records are complete and accurate. As part of this effort, agencies are also asked to

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<sup>9</sup>FAR 9.104-6. Agencies generally must use simplified acquisition procedures for purchases of goods or services at or below the simplified acquisition threshold. The simplified acquisition threshold generally is \$250,000, but it increases to \$800,000 for contracts to be awarded and performed inside the U.S. and determined by the head of the agency to support a response to an emergency or major disaster declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. FAR 2.101.

<sup>10</sup>Office of Management and Budget, Office of Federal Procurement Policy, *Improving Federal Procurement Data Quality-Guidance for Annual Verification and Validation*, Memorandum (Washington, D.C.: May 31, 2011).

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certify that they have policies, procedures, and internal controls in place to monitor and improve procurement data quality.

OMB also issued a memorandum in 2013 that directs agencies to report contractor performance in FAPIIS and ensure the required information is timely and accurate.<sup>11</sup> The memorandum encourages agencies to conduct quarterly reviews to ensure that the required information is reported appropriately and provides guidance on how to verify the data. For example, agencies should use FPDS data to verify FAPIIS termination for default or cause records, conduct routine contract file sampling on defective cost or pricing determinations, and routinely check with suspension and debarment officials to monitor administrative agreement records in FAPIIS.

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## Termination Records Account for Majority of Reported Contractor Performance and Integrity Information

From fiscal years 2019 through 2023, a majority of the contractor performance and integrity records reported in FAPIIS were contract termination records.<sup>12</sup> Specifically, termination records accounted for 90 percent (2,150 of the 2,384 records) of reported records government-wide during the 5-year time frame.<sup>13</sup> Administrative agreements were the next most reported record, accounting for 8 percent (193 records) of the reported integrity records in FAPIIS. Our analysis did not identify any records related to trafficking in persons or defective cost or pricing data

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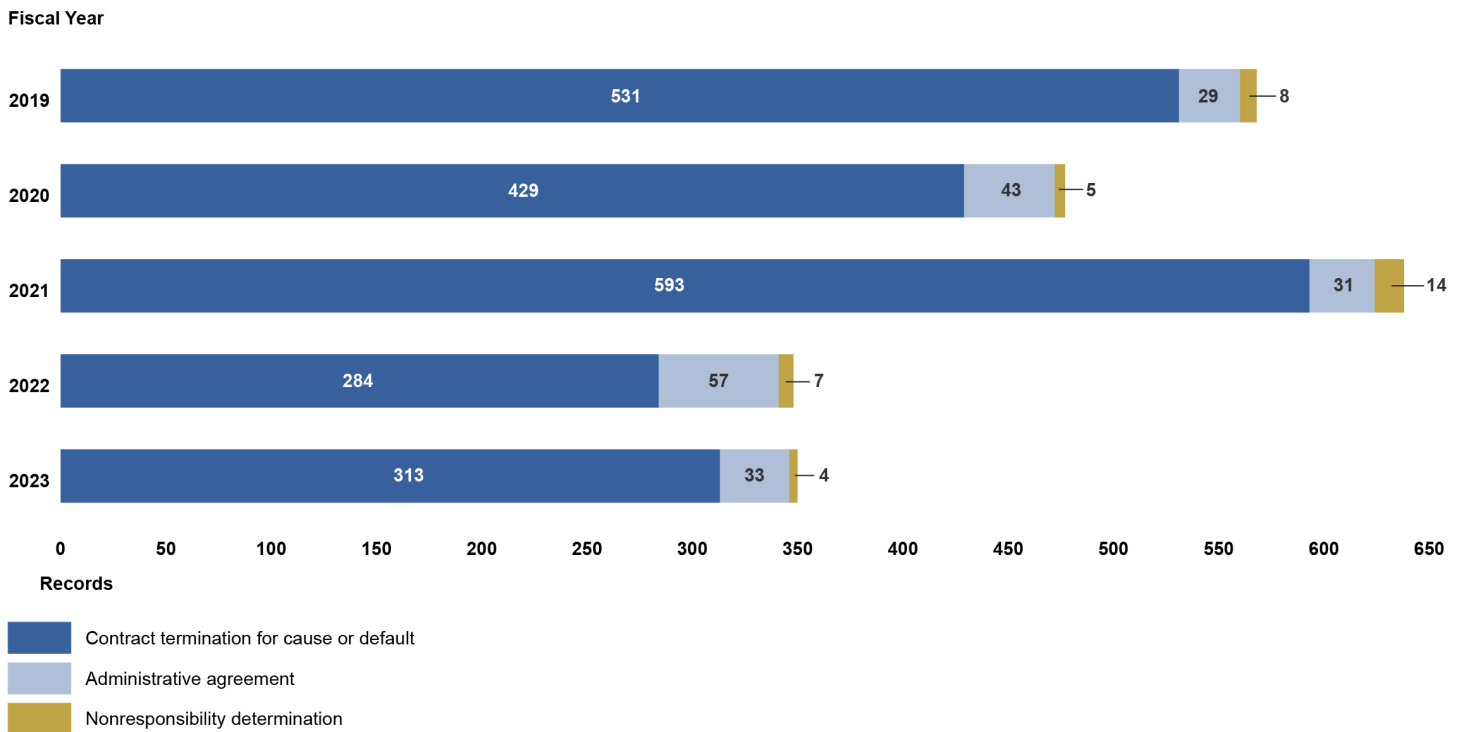
<sup>11</sup>Office of Management and Budget, Office of Federal Procurement Policy, *Improving the Collection and Use of Information about Contractor Performance and Integrity*, Memorandum (Washington, D.C.: Mar. 6, 2013).

<sup>12</sup>Integrity records are removed after 5 years following the action date in FAPIIS. As such, the system updates the number of records on a continuing basis. For the purposes of our analysis, we used the number of records for fiscal years 2019 through 2023, based on when we pulled the integrity records. We also accounted for the 14-day delay in reporting integrity records from FAPIIS to SAM.

<sup>13</sup>When referring to terminations, our analysis combines contract terminations for cause and terminations for default. We excluded 33 records from the total number of integrity records, as they were associated with grants and therefore not within the scope of this report.

over the 5-year period.<sup>14</sup> See figure 2 for government-wide integrity records for selected record types and by fiscal year.

**Figure 2: Selected Types of Government-wide Integrity Records, Fiscal Years 2019-2023**



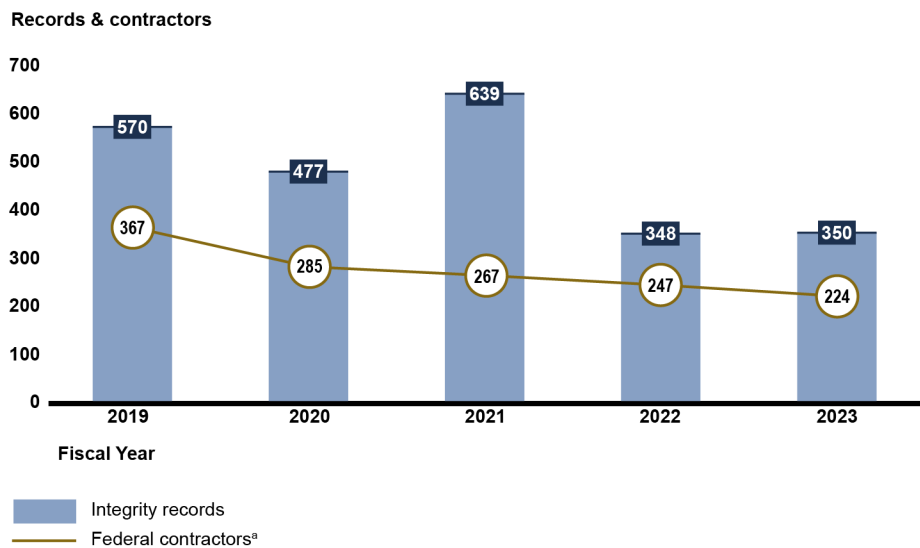
Source: GAO analysis of integrity data available in the System for Award Management as of June 2023 and October 2023. | GAO-24-106911

Note: There were 2,384 integrity records during these fiscal years, of which these three categories accounted for 2,381. Not shown in the figure are one record of DOD determination of contractor fault in fiscal year 2019, based on a DOD supplement to the FAR 209.105-2-70, and two records for subcontract payment issues based on FAR 42.1503(h)(1)(vi), one in fiscal year 2019 and one in fiscal year 2021.

<sup>14</sup>We previously reported that Department of Homeland Security, DOD, Department of State, and U.S. Agency for International Development suspension and debarment offices did not receive any referrals of Inspector General reports of substantiated human trafficking allegations during fiscal years 2022 and 2023. GAO, *Human Trafficking: Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts*, GAO-24-106973 (Washington, D.C.: July 30, 2024). We previously reported that various DOD offices did not report all trafficking in persons violations and investigations as required by DOD guidance. GAO, *Human Trafficking: DOD Should Address Weaknesses in Oversight of Contractors and Reporting of Investigations Related to Contracts*, GAO-21-546 (Washington, D.C.: Aug. 4, 2021).

The number of integrity records reported by agencies in FAPIIS generally decreased from fiscal years 2019 through 2023—with a peak of 639 records in fiscal year 2021. Agencies can report multiple integrity records against one contractor in a single fiscal year. For example, in fiscal year 2021, one agency reported almost 200 total contract terminations for one contractor, which contributed to the overall increase in the number of records that year. Figure 3 shows the number of integrity records reported annually from fiscal years 2019 through 2023 and the number of associated federal contractors.

**Figure 3: Number of Government-wide Integrity Records and Associated Federal Contractors, Fiscal Years 2019-2023**



Source: GAO analysis of System for Award Management Data. | GAO-24-106911

<sup>a</sup>GAO used unique entity identifiers to determine the number of contractors with integrity records in the System for Award Management. GAO refers to these unique entities as individual contractors. Some contractors use a generic unique entity identifier, including foreign contractors that are not required to obtain a unique entity identifier and would not be included in the count.

Among the 19 agencies that reported integrity records in FAPIIS, DOD components and military departments reported 75 percent, or 1,786 integrity records. The Army reported 873 integrity records, which accounted for nearly half of all DOD records. Based on our review of federal procurement data, during the 5-year period, 57 out of 76 agencies

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that reported awarding federal contracts in FPDS did not report any integrity records related to federal contractors.<sup>15</sup>

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## Government-wide Integrity Information Is Generally Underreported

We generally found government-wide underreporting of contract terminations and administrative agreement records in FAPIIS. Specifically, we identified 335 terminations reported in FPDS that were not included in the number of integrity records (2,384) reported in FAPIIS during this period. Of the 24 agencies that reported terminations on federal contracts in FPDS, eight agencies had zero termination records in FAPIIS. Only one of the 24 agencies had matching termination records in FAPIIS and FPDS.<sup>16</sup> As shown in figure 4, the number of government-wide terminations that were not reported in FAPIIS varied over the 5-year period and was highest in fiscal year 2023.

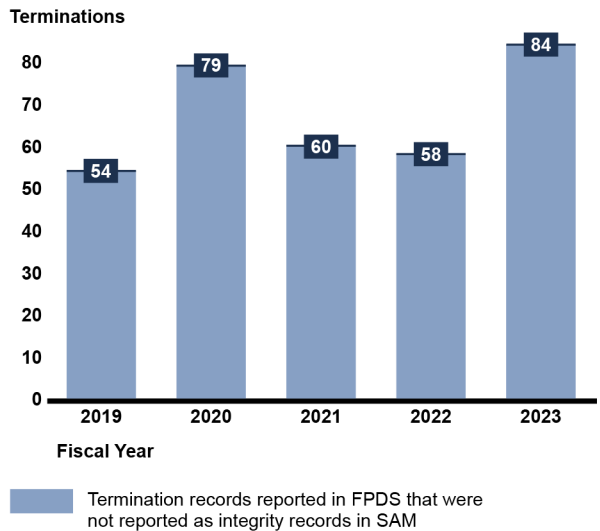
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<sup>15</sup>The 57 agencies include the Departments of Education, Housing and Urban Development, and State as well as smaller federal agencies, such as the Federal Trade Commission and the Securities Exchange Commission. The Department of State reported one termination for material failure to comply, which is a grant-specific record and outside the scope of this review.

<sup>16</sup>We also identified 154 terminations in FAPIIS that were not in FPDS. This discrepancy could occur if, for example, an agency terminated a contract for cause or default, but after entering the record in FAPIIS, converted it to a termination for convenience and did not update the record in FAPIIS as required. However, the focus of this review was to evaluate contractor performance and integrity information in FAPIIS, and not information reported in FPDS. We currently have additional work reviewing procurement data and systems, including FPDS.



**Figure 4: Government-wide Underreported Contract Terminations, Fiscal Years 2019-2023**

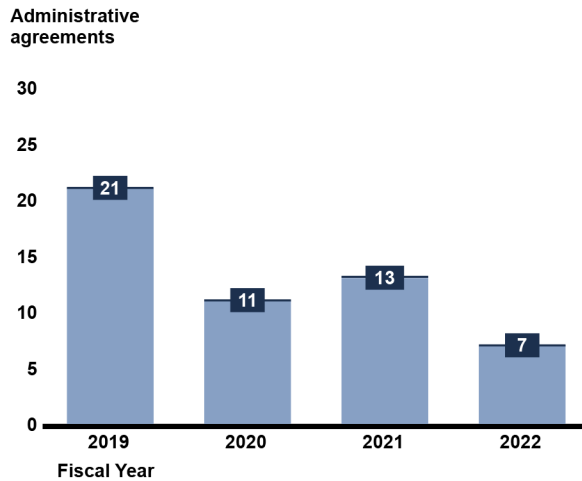


Source: GAO analysis of termination records reported in the Federal Procurement Data System (FPDS) and integrity data available in the System for Award Management (SAM). | GAO-24-106911

Note: These records are not included in the 2,384 integrity records that were reported in SAM.

We also found government-wide reporting gaps when comparing administrative agreement records in FAPIIS to administrative agreements in the ISDC annual reports. As discussed below, while we identified errors in the administrative agreements reported to the ISDC, the overall number of integrity records was underreported government-wide. Over the 4-year period, agencies reported 52 more administrative agreements to the ISDC than in FAPIIS. See figure 5.

**Figure 5: Government-wide Underreported Administrative Agreement Records, Fiscal Years 2019-2022**



Administrative agreements reported to ISDC that were not reported as integrity records in SAM

Source: GAO analysis of integrity data available in the System for Award Management (SAM) and Interagency Suspension and Debarment Committee (ISDC) reports. | GAO-24-106911

Note: According to officials from one agency, they erroneously reported 151 records to the ISDC in fiscal years 2019 through 2022. GAO subsequently removed these records from the reported numbers in the figure.

Of the 17 agencies that reported administrative agreements to the ISDC over the 4-year time frame, three agencies had zero records in FAPIIS. This included one agency that reported 151 administrative agreements to the ISDC but had zero administrative agreements in FAPIIS during this period.<sup>17</sup> According to representatives from the ISDC, the number of agency administrative agreements in the annual reports should reflect the minimum number of records that an agency reports in FAPIIS because an administrative agreement can apply to a single contractor or multiple contractors. In January 2024, the ISDC instructed agencies that if one agreement applied to multiple contractors or entities, agencies should report the number of contractors included. Prior to this instruction, agencies may have reported the number of administrative agreements to

<sup>17</sup>According to officials from this agency, they erroneously reported records to the ISDC in fiscal years 2019 through 2022. They stated that they reported records that were not considered to be administrative agreements and should not have been reported to the ISDC. To prevent the reporting error from occurring in the future, they told us that they will consider updates to their procedures for reporting records pertaining to suspension and debarment actions after receiving clarification from the ISDC.

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the ISDC instead of the number of contractors included in the agreements.

While we were only able to corroborate three of the 11 integrity record types, altogether, the underreported termination records and administrative agreement records from fiscal years 2019 through 2023 accounted for 387 records, excluding the records reported in error. This number of records totaled more records than were reported government-wide in fiscal years 2022 (348 records) or 2023 (350 records).

Representatives from the ISDC and the Procurement Committee for E-Government expressed additional concerns about how administrative agreements are reported in FAPIIS. Specifically, they stated that some administrative agreements may not appear in FAPIIS because the associated contractors are unregistered in SAM and lack a unique entity identifier. This identifier is automatically generated for each contractor that is registered in SAM. Without a unique entity identifier, an administrative agreement record would not appear in FAPIIS. Therefore, this issue may contribute to the underreporting of administrative agreements in integrity records. GSA officials who manage SAM said that they are currently addressing this issue.

OMB's 2013 memorandum provides guidance to agencies on ensuring timely and accurate contractor performance and integrity information in FAPIIS. The guidance includes information and sources that agencies could use to verify non-termination records in FAPIIS, such as using the annual ISDC reports to check administrative agreement records.<sup>18</sup> However, agencies are not required to use these resources to ensure data quality.

OMB officials stated that they are aware of the concerns about the quality of integrity data, specifically with termination records and administrative agreement records, and are considering how to address them. They further stated that they prioritize data quality and will coordinate with the Procurement Committee for E-Government to determine whether an update to their guidance is needed. OMB officials also stated that they expect that agencies follow their respective internal protocols and practices to ensure accurate and complete data are reported in FAPIIS. Additionally, OMB officials acknowledged that the 2011 and 2013

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<sup>18</sup>Office of Management and Budget, Office of Federal Procurement Policy, *Improving the Collection and Use of Information about Contractor Performance and Integrity*, Memorandum (Washington, D.C.: Mar. 6, 2013).

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memorandums are the most current guidance on ensuring integrity data quality. They stated that they plan to evaluate if additional guidance could be warranted in coordination with the Procurement Committee for E-Government and its working groups. They also said that they plan to assess the potential need for additional guidance and clarifications on the quality of acquisition data more broadly as part of submissions for OMB's annual verification and validation process. However, OMB officials did not provide additional details or a timeline on this effort.

*Standards for Internal Control in the Federal Government* states that management should use and externally communicate quality information on a timely basis that is current and accurate to achieve the entity's objectives.<sup>19</sup> Integrity records in FAPIIS are a required source of information that federal contracting officers must use prior to making an award above the simplified acquisition threshold to a prospective vendor. The extent of overall underreporting in government-wide integrity records and the fact that OMB issued relevant guidance over a decade ago indicate that there is a need for OMB to reiterate reporting requirements and identify available resources to corroborate integrity information. Doing so would help ensure that agency personnel have the guidance needed to comprehensively report and verify the accuracy of integrity information.

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## Selected Agencies Vary in Policies or Processes for Integrity Reporting, but All Underreported Required Information

The agencies in our review identified policies or processes related to integrity reporting requirements established in the FAR, but we found underreported records at all five agencies. Some of the policies we reviewed, and processes that officials described, include specific actions that should be taken to ensure the quality of reported integrity data. For example, three of our five selected agencies have policies and processes in place that direct contracting officers to compare termination data reported in FAPIIS and FPDS at regular intervals to ensure data quality. Table 2 describes policies or processes to ensure integrity data reporting at our selected agencies.

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<sup>19</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

**Table 2: Data Quality Policies or Processes for Integrity Reporting at Selected Agencies**

Agency	Agency policy office	Data quality policy or process for integrity reporting
Department of Defense	Defense Pricing, Contracting, and Acquisition Policy	Terminations – termination for cause or default records in the Federal Awardee Performance and Integrity Information System (FAPIIS) are to be compared against termination data reported in the Federal Procurement Data System (FPDS) Conducted quarterly and annually
Department of Energy	Contract and Financial Assistance Policy	Administrative Agreements – administrative agreement records in FAPIIS are to be compared against administrative agreement data reflected in Interagency Suspension and Debarment Committee (ISDC) annual reports <sup>a</sup> Conducted annually
General Services Administration	Office of Government-wide Policy	None <sup>b</sup>
Department of Health and Human Services	Office of Acquisitions	Terminations – termination for cause or default records in FAPIIS are to be compared against termination data reported in FPDS Conducted monthly Administrative Agreements – administrative agreement records in FAPIIS are to be compared against administrative agreement data reflected in ISDC annual reports <sup>a</sup> Conducted annually
Department of Veterans Affairs	Office of Acquisition and Logistics	Terminations – termination for cause or default records in FAPIIS are to be compared against termination data reported in FPDS Conducted weekly

Source: GAO analysis of agency documentation and interviews with agency officials. | GAO-24-106911

<sup>a</sup>According to agency officials, Section 873 (a)(7) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Public Law 110-417 requires the ISDC to report annually to Congress on federal suspension and debarment process information. Included in this information are administrative agreements.

<sup>b</sup>Because of GAO’s review, GSA is taking steps to develop guidance.

Although we found that several agencies have data quality policies or processes for integrity reporting, we also found that all five generally underreported integrity records in FAPIIS.

- **DOD.** DOD reported 1,786 records in FAPIIS from fiscal years 2019 through 2023. However, we identified 166 terminations in FPDS that were not reported in FAPIIS over that same period, despite DOD’s data quality policies and processes for termination records.<sup>20</sup> DOD’s Defense Pricing, Contracting, and Acquisition Policy office (within the Under Secretary of Defense for Acquisition and Sustainment) is responsible for contracting policy across the department and reviews

<sup>20</sup>The Army accounted for 80, or about half, of DOD’s overall underreported termination records.

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department-wide compliance for integrity reporting. However, responsibility for data quality management is delegated to DOD components—e.g., military departments (the Air Force, Army, and Navy) and other DOD agencies.

In 2013, DOD added integrity reporting to its overall procurement data quality process and included FAPIIS as part of its annual verification and validation submission to OMB.<sup>21</sup> Specifically, DOD's department-wide procurement data quality process requires components to submit quarterly and annual data quality reports. These reports should identify potential data errors between termination records reported in FPDS and FAPIIS. Components would then provide an estimated time frame for taking corrective actions. Despite this process for identifying termination errors, DOD officials stated that they did not have insight—either at the agency level or the component level—as to what caused the underreporting. A DOD official told us that they do not conduct reviews of prior fiscal year data quality submissions to determine if all corrective actions have been completed by the components. As such, they were unable to determine the extent to which data errors related to terminations were previously reported or addressed in the components' data quality submissions.

Further, we found that DOD officials did not consistently report administrative agreements and had limited awareness of reporting requirements for defective cost or pricing data records. For example:

- We identified 10 administrative agreements across DOD that were reported in the fiscal years 2019 through 2022 ISDC annual reports, but not in FAPIIS. Five of these administrative agreements were the Army's, but DOD and Army officials had limited insight into what caused the underreporting of their administrative agreement data.
- We identified 13 determinations of defective cost or pricing from fiscal years 2019 through 2023, based on documentation provided by the Defense Contract Audit Agency and Defense Contract Management Agency. In contrast, DOD reported zero defective

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<sup>21</sup>DOD issued a memorandum in March 2013 establishing that FAPIIS reporting compliance will be included in its annual verification and validation process. Department of Defense, *Improving the Collection and Use of Information about Contractor Performance and Integrity*, Memorandum (Washington, D.C.: Mar. 28, 2013). Office of Management and Budget, Office of Federal Procurement Policy, *Improving Federal Procurement Data Quality-Guidance for Annual Verification and Validation*, Memorandum (Washington, D.C.: May 31, 2011).

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cost or pricing records in FAPIIS. The Defense Contract Audit Agency is responsible for conducting defective cost or pricing data audits for the department.<sup>22</sup> While DOD contracting officers can delegate the authority to adjudicate defective cost or pricing audits to the Defense Contract Management Agency on their behalf, contracting officers retain responsibility for updating the records in FAPIIS.

We found that DOD personnel had limited awareness of FAPIIS reporting requirements and approaches to corroborate the data. Officials responsible for overseeing integrity information at DOD and the components stated that they do not have agency-wide policies or processes specific to ensuring the quality of administrative agreements or defective cost or pricing data records reported in FAPIIS. For example, DOD officials stated that comparing administrative agreement data reported in FAPIIS and the ISDC annual reports is an optional practice, at the discretion of agency personnel. Army officials involved in integrity reporting told us that they do not check administrative agreements reported in FAPIIS against the ISDC reports and had limited insight into what caused the underreporting. They noted that the underreporting could be attributed to suspension and debarment officials using different counting conventions when reporting information to FAPIIS and the ISDC. For example, records could be counted as the total number of administrative agreements issued (regardless of the number of entities included in the agreement) or by the number of entities that are covered under these agreements. After we raised this issue with the ISDC during our review, the committee provided instructions to agencies on how administrative agreements should be reported.<sup>23</sup>

DOD officials stated that because few people consistently work with defective cost or pricing audits, that agency personnel have limited knowledge on how to handle these audits and how to report them in

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<sup>22</sup>According to the Defense Contract Audit Agency Contract Audit Manual, Chapter 14, the agency generally conducts defective cost or pricing audits at the request of DOD contracting officers or the annual requirements and selection plans issued by headquarters. According to FAR 15.407-1(d), a defective cost or pricing record should be reported in FAPIIS when the contracting officer makes a final determination that the contractor submitted defective cost or pricing data.

<sup>23</sup>In January 2024, the ISDC instructed agencies that if one agreement applied to multiple contractors or entities, agencies should report the number of contractors included. Prior to this instruction, agencies may have reported the number of administrative agreements to the ISDC instead of the number of contractors included in the agreements.

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FAPIIS. In May 2019, the Defense Contract Management Agency established a defective pricing pilot program to help contracting officers adjudicate defective cost or pricing data audits conducted by the Defense Contract Audit Agency. However, DOD officials stated that ensuring that contracting officers enter defective cost or pricing records in FAPIIS was not included in the goals of the pilot program.

Further, while Army officials have access to defective cost or pricing data training and guidance, they stated that contracting officer confusion on integrity reporting requirements could be a potential cause of data underreporting. Specifically, they said that there is confusion about whether a signed settlement with the contractor alone triggers the defective cost or pricing integrity reporting requirement, or if the contractor must admit fault, or provide payment to the government. Additionally, Army officials stated that because instances of defective cost or pricing can take years to resolve, contracting officer turnover could also contribute to the lack of awareness on the issue. Without taking steps to coordinate with components to identify and address the causes for underreporting, as well as addressing the lack of information and awareness about FAPIIS reporting requirements, DOD cannot ensure the accuracy or completeness of its integrity records.

- **DOE.** DOE reported three records in FAPIIS from fiscal years 2019 through 2023. However, we identified two administrative agreement records that were not reported in FAPIIS during the time frame of our review, even though DOE officials told us that they annually compare administrative agreement data reported in FAPIIS and ISDC reports. We also identified two contract termination records reported in FPDS but not in FAPIIS. DOE officials attributed the underreporting of administrative agreements to a technical issue with FAPIIS that prevented them from entering administrative agreements associated with individuals instead of contractors. They attributed one underreported termination record to a lack of action by the contracting officer to enter the record in FAPIIS and stated that one termination record had been converted to a termination for convenience, which is not reported in FAPIIS.<sup>24</sup> DOE has since corrected the underreported records.

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<sup>24</sup>FAR 42.1503(h)(1)(iv). As terminations for convenience are not the fault of the contractor, they are not reported in FAPIIS. If a termination for default is withdrawn or converted to a termination for convenience, this information must be updated in FAPIIS within 3 calendar days of the conversion.



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DOE officials stated that since they have a long-term relationship with vendors for their management and operations contracts—which provide services to maintain and secure facilities—FAPIIS-reportable actions such as terminations seldom occur. They stated that as a result, their department-specific guidance on FAPIIS actions, roles, and responsibilities—which are delegated to the component level—was archived in 2018. DOE officials stated that based on our review, they were considering actions to spread awareness of the integrity reporting requirements among their agency personnel. In June 2024, DOE officials issued a department-wide reminder on FAPIIS in response to our review. This reminder will help ensure that agency personnel are aware of integrity reporting requirements and responsibilities.

- **GSA.** GSA reported 23 records in FAPIIS from fiscal years 2019 through 2023. However, we identified 46 termination records that were reported in FPDS but not in FAPIIS, and four records for administrative agreements reported in the ISDC annual reports that were not reported in FAPIIS during the time frame of our review. GSA officials stated that as a result of our review, they conducted their own integrity reporting compliance review. They identified gaps in their agency-wide guidance and procedures pertaining to integrity records. Officials stated that these gaps in guidance and procedures limited agency personnel’s awareness of integrity reporting requirements and resources to corroborate integrity data. For example, GSA officials told us that while contracting officers were entering termination data in FPDS, they were unaware of requirements to do so in FAPIIS, resulting in noncompliance with the FAR integrity reporting requirements.<sup>25</sup> Further, GSA officials attributed the underreporting of administrative agreement records in FAPIIS to suspension and debarment officials using different counting conventions for reporting agreements that apply to multiple contractors to the ISDC and FAPIIS. As a result of our review, GSA officials instituted monthly data quality checks to compare termination records against FPDS data.

GSA officials acknowledged that while they have policies pertaining to reporting administrative agreements, GSA does not ensure data quality by directing agency personnel to use the ISDC annual reports to corroborate reported data. GSA officials said that they plan to follow the ISDC’s January 2024 guidance on reporting the number of

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<sup>25</sup>FAR 42.1503(h) requires agencies to report terminations for cause or default in FAPIIS within 3 calendar days of a contracting officer final determination to terminate for cause or default.

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contractors included in the administrative agreements when reporting this information in the future.

While GSA did not initially have policies or processes in place to ensure the quality of integrity information, GSA officials stated that they are in the process of drafting new policy that codifies integrity monitoring requirements for contract terminations. They stated that the policy will address the FAPIIS reporting requirements directed to contracting officers.<sup>26</sup> However, they stated that the policy will not address FAPIIS reporting requirements for administrative agreements for suspension and debarment officials. Further, GSA officials stated that they did not obtain input from contracting officers as part of their initial efforts for the policy update. This input would have enabled officials to confirm or identify other potential causes for underreporting integrity data, or what additional information would be helpful to ensure contracting officers are aware of applicable integrity reporting requirements. Officials told us that they are in the process of soliciting and incorporating feedback from contracting officers, and plan to issue the policy by the end of 2024.

- **HHS.** HHS reported 20 records in FAPIIS from fiscal years 2019 through 2023. However, we identified one HHS contract termination record in FPDS that was not in FAPIIS. HHS has data quality policies and processes in place for terminations and HHS officials attributed the missing termination record to internal system migration issues that did not transfer the information from FPDS over to FAPIIS. HHS subsequently entered the missing termination record in FAPIIS.

HHS has agency-wide guidance on integrity reporting. For example, the agency has guidance on reporting contractor performance information and includes integrity reporting as part of its annual submission of procurement data to OMB. HHS's data quality process for integrity reporting involves a monthly agency-wide data quality review of contract termination data reported in FPDS and FAPIIS, in addition to biweekly meetings with component procurement heads where any data quality issues are discussed. HHS officials stated that suspension and debarment officials annually compare administrative agreement records in FAPIIS against ISDC reports. They also stated that while information on data quality issues is sent out to agency components for general awareness, components are not required to provide explanations or corrective action plans for any issues

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<sup>26</sup>FAR 42.1503(h).

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identified. Instead, agency components are responsible for ensuring the quality of integrity data in accordance with HHS policy and guidance. For example, National Institutes of Health officials stated that they also conduct weekly data quality reviews of termination data reported in FPDS and FAPIIS. They stated that while this weekly review is not formally required by or codified in policy or guidance, they conduct it as a practice to minimize data quality issues.

- **VA.** VA reported 171 records in FAPIIS from fiscal years 2019 through 2023. However, we identified 13 termination records that were reported in FPDS but not in FAPIIS. According to VA officials, six of these termination records were underreported, while seven records were subsequently converted from terminations for default to terminations for convenience. Therefore, these seven records would not have been required to be entered in FAPIIS. VA has since corrected the records in response to our analysis.

VA has regulations and guidance pertaining to integrity reporting roles, responsibilities, and data quality at both the agency and component level. For example, VA policy officials stated that their data quality process for integrity reporting is facilitated by two designated officials at the agency level, who can then designate their counterparts at the component level. These officials are responsible for conducting weekly data quality reviews of termination data reported in FAPIIS and FPDS. According to VA officials, when data errors are identified, the designated officials coordinate with the contracting officers to resolve the issue. These designated officials can also provide on-demand training to contracting officers on integrity reporting requirements if needed. VA officials also cited weekly updates on compliance with integrity reporting and reviews of termination reporting as ways that VA senior leadership is kept informed of integrity reporting compliance at both the agency and component level.

VA officials acknowledged their noncompliance with integrity reporting requirements, citing contracting officer lack of action and data entry confusion as the causes of the termination record underreporting and discrepancies. Specifically, VA officials stated that contracting officers were confused as to whether updates to FAPIIS were required after a termination for default or cause is converted to a termination for

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convenience.<sup>27</sup> In March 2024, VA issued agency-wide guidance to its personnel to address the issues we identified and corrected them in FAPIIS. This new guidance provides agency personnel with information and resources on integrity reporting requirements and responsibilities.

The FAR requires that agencies report certain records in FAPIIS. These records include terminations for cause or default, withdrawals or conversions of terminations for default that have been converted to terminations for convenience, administrative agreements to resolve suspension and debarment proceedings, and final determinations of defective cost or pricing data.<sup>28</sup> In addition to the FAR, *Standards for Internal Control* states that management should design processes to obtain information to respond to their objectives and risks, and internally communicate the need for quality information that is complete, accurate, and timely.<sup>29</sup> Although some of our selected agencies have policies or processes in place for reporting integrity information in FAPIIS, the underreporting we identified at DOD and GSA raise concerns about the completeness and accuracy of integrity data reported by these agencies. Ensuring that acquisition personnel have the information they need to comply with integrity reporting requirements will provide agencies with the assurance that the reported integrity information is accurate and comprehensive. Doing so could help ensure contracting officers have access to quality information when making a responsibility determination for prospective contractors.

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## Conclusions

The federal government relies on many contractors to provide goods and services across agencies. Therefore, accurate and complete contractor performance and integrity records provide contracting officers with critical insight as to whether the contractor is reliable and can successfully fulfill the terms of the contract. The extent of government-wide underreporting of contractor performance and integrity information suggests that additional action from OMB would help ensure that all federal agencies are aware of requirements for entering and verifying these data in FAPIIS. Ensuring government-wide awareness of FAPIIS reporting requirements

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<sup>27</sup>FAR 42.1503(h)(1)(iv). As terminations for convenience are not the fault of the contractor, they are not reported in FAPIIS. If a termination for default is withdrawn or converted to a termination for convenience, this information must be updated in FAPIIS within 3 calendar days of the conversion.

<sup>28</sup>FAR 9.406-3(f)(1)(2); FAR 9.407-3(e)(1)(2); FAR 42.1503(h)(1).

<sup>29</sup>[GAO-14-704G](#).

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is particularly important as FAPIIS is a required source of information that contracting officers must use when making contract award decisions above the simplified acquisition threshold.

Furthermore, detailed analysis of these data for selected agencies also highlights the need for additional actions at the agency level. DOD and GSA cited various reasons for underreporting, including limited awareness of FAPIIS reporting requirements among agency personnel. Taking additional actions to improve the quality of the data in FAPIIS could ensure that federal contracting officers have the quality information they need to make responsibility and award decisions.

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## Recommendations for Executive Action

We are making a total of four recommendations, including one to OMB, two to DOD, and one to GSA. Specifically:

The Director of OMB should direct the Administrator of the Office of Federal Procurement Policy to reiterate integrity reporting requirements and identify available resources to help ensure that agency personnel have the guidance they need to comprehensively report and verify the accuracy of integrity information. (Recommendation 1)

The Secretary of Defense should direct the Under Secretary of Defense for Acquisition and Sustainment to coordinate with the components to identify and assess underlying causes of integrity information underreporting. (Recommendation 2)

The Secretary of Defense should direct the Under Secretary of Defense for Acquisition and Sustainment to take steps, such as policy updates, based on its assessment of underlying causes for integrity information underreporting, to ensure that agency personnel have information and awareness of integrity reporting requirements. (Recommendation 3)

The Administrator of the General Services Administration should ensure that when the Office of Government-wide Policy updates its guidance, that it includes input from agency contracting personnel to ensure awareness of integrity reporting requirements and available resources for verifying the information. (Recommendation 4)

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## Agency Comments and Our Evaluation

We provided a draft of this report to DOD, DOE, GSA, HHS, OMB, and VA for review and comment. DOD and GSA provided written comments, which are reprinted in appendixes II and III, respectively, and summarized below. OMB provided their response in an email. DOD and OMB also

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provided technical comments, which we incorporated as appropriate. DOE, HHS, and VA did not have comments on the draft.

DOD, GSA, and OMB concurred with the recommendations made to each of these agencies. DOD and GSA identified steps they plan to take to address the recommendations. DOD stated that it will coordinate with components to identify causes of FAPIIS underreporting, and develop policy, procedures, and training as needed to address data gaps and ensure an understanding of reporting requirements across the department. In its response, GSA noted that it is in the process of soliciting and incorporating feedback from its contracting personnel, which includes contracting officers, contracting officer representatives, and policy analysts. GSA provided a copy of its draft policy and we will review the revised policy when it is issued by the end of 2024. GSA also made updates to its internal acquisition portal on using FPDS to compare contract termination records and stated that it updated its guidance to be consistent with the ISDC's instruction on entering records for each contractor covered under administrative agreements.

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We are sending copies of this report to the appropriate congressional committees; the Secretaries of Defense, Energy, Health and Human Services, and Veterans Affairs; the Administrator of the General Services Administration; and the Director of OMB. In addition, the report will be made available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-4841. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. Staff members making key contributions to this report are listed in appendix IV.

A handwritten signature in black ink, appearing to read 'Mona Sehgal', with a long horizontal stroke extending from the bottom left of the signature.

Mona Sehgal  
Director, Contracting and National Security Acquisitions

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# Appendix I: Objectives, Scope, and Methodology

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This report: (1) describes the contractor performance and integrity information reported in the Federal Awardee Performance and Integrity Information System (FAPIIS); and examines (2) the extent to which there are data gaps in government-wide integrity information in FAPIIS; and (3) the extent to which selected agencies have policies and processes in place to ensure data quality of contractor performance and integrity information.

To describe agency reported contractor performance and integrity information in FAPIIS, we analyzed available government-wide integrity records from fiscal years 2019 through 2023, the latest full fiscal years of integrity records.<sup>1</sup> We selected the time frame based on the 5-year retention period in FAPIIS.<sup>2</sup> We focused our analysis on records associated with federal contractors and removed records that are only associated with grants.<sup>3</sup> We reviewed data for the following integrity records:

- Termination for cause or default,<sup>4</sup>
- Nonresponsibility determination,
- Defective cost or pricing,
- Subcontract payment issues,
- Department of Defense (DOD) determination of contractor fault,
- Information on trafficking in persons, and
- Administrative agreements.

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<sup>1</sup>For the purposes of this report, we refer to records entered in FAPIIS as integrity records.

<sup>2</sup>Integrity records are removed after 5 years following the action date in FAPIIS. As such, the system updates the number of records on a continuing basis. We pulled fiscal year 2019 integrity records on June 13, 2023, and for fiscal years 2020 through 2023, we pulled integrity records on October 17, 2023. We also used the first 2 weeks of fiscal year 2024 integrity data to match against FPDS terminations to account for the reporting period between when records are entered in FAPIIS and when they become publicly available in the System for Award Management (SAM).

<sup>3</sup>The integrity records that apply to grants are: termination for material failure to comply, recipient not qualified determination, and material failure to comply with closeout requirements.

<sup>4</sup>When referring to terminations, we are including both terminations for cause and terminations for default in our analysis for this report.

Since administrative agreements can apply to both grants and federal contractors, we included administrative agreements to avoid the risk of excluding those associated with federal contractors.

We analyzed the integrity records data to identify the contractor performance and integrity information that agencies reported in FAPIIS in our 5-year time frame. We identified the types of integrity records and the frequency of the records reported by agencies, and the number of awardees that had integrity records for each fiscal year. We described the number of vendors that had integrity records from fiscal years 2019 through 2023 by using their unique entity identifiers.<sup>5</sup>

To determine the government-wide extent of data gaps in integrity information in FAPIIS, we compared the number of integrity records with other available external data sources. Specifically, we compared (1) termination records in FAPIIS with termination data in the Federal Procurement Data System (FPDS); and (2) administrative agreement records in FAPIIS with administrative agreement information reported in the Interagency Suspension and Debarment Committee (ISDC) annual reports from fiscal years 2019 through 2023.<sup>6</sup> For contract terminations, we used the reasons for modification field to identify contracts that were terminated for cause or default and compared the data against termination records in FAPIIS by matching the contract and order number. For terminations reported in FPDS but not in FAPIIS, we limited our analysis to awards with an initial award value that was more than the simplified acquisition threshold—generally \$250,000.<sup>7</sup> We also used FPDS to identify the number of agencies that awarded contracts during

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<sup>5</sup>Some vendors use a generic unique entity identifier, including foreign vendors that are not required to obtain a unique entity identifier.

<sup>6</sup>Section 873(a)(7) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Public Law 110-417 requires the ISDC to report annually to Congress on federal suspension and debarment process information. Included in this information are administrative agreements. For administrative agreements, the ISDC annual reports include a summary of administrative agreements reported by agencies. The ISDC annual reports were available up to fiscal year 2022.

<sup>7</sup>FAR 9.104-6. Prior to any contract award over the simplified acquisition threshold, contracting officers review a prospective contractor's performance and integrity information in FAPIIS and document in the contract file how the information in FAPIIS was used to determine responsibility. Agencies generally must use simplified acquisition procedures for purchases of goods or services at or below the simplified acquisition threshold. The simplified acquisition threshold generally is \$250,000, but it increases to \$800,000 for contracts to be awarded and performed inside the U.S. and determined by the head of the agency to support a response to an emergency or major disaster declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. FAR 2.101.



the 5-year time frame as a comparison to the number of agencies that reported integrity records in FAPIIS. To identify the reporting requirements for integrity information, we reviewed the relevant sections of the Federal Acquisition Regulation (FAR), agency supplements to the FAR, memorandums issued by the Office of Management and Budget's (OMB) Office of Federal Procurement Policy, and other government-wide guidance.

To determine what policies and processes federal agencies have in place to report contractor performance and integrity information accurately, we selected a nongeneralizable sample of five agencies for analysis. To select the agencies for our review, we first analyzed government-wide integrity records in FAPIIS and total contract obligations in FPDS from fiscal years 2018 through 2022, the latest complete 5 fiscal years for which data were available at the time we began this review. We then identified agencies that had a range of high and low number of integrity records and that were among the agencies with the highest total contract obligations. We selected DOD, the Department of Energy (DOE), the General Services Administration (GSA), the Department of Health and Human Services (HHS), and the Department of Veterans Affairs (VA).

For further analysis, we selected one component from each agency that were among the highest in total contract obligations and among the highest in number of active contract awards for fiscal years 2018 through 2022.

- Department of the Army – DOD,
- National Nuclear Security Administration – DOE,
- Federal Acquisition Service – GSA,
- National Institutes of Health – HHS, and
- Veterans Health Administration – VA.

To assess the extent to which the selected agencies had policies and processes in place to ensure the quality of contractor performance and integrity information, we reviewed relevant information from the selected agencies and components. Specifically, we reviewed the FAR, agency supplements to the FAR, agency or component-level guidance, and other documentation related to ensuring the data quality of integrity information. We compared selected agencies' and components' policies and processes to applicable requirements described in the FAR and guidance

outlined in OMB memorandums.<sup>8</sup> To determine whether selected agencies reported quality integrity information, we conducted the same comparative analysis that we used for our government-wide data assessment. We determined that the federal internal control standard for information systems and use of quality information was significant.<sup>9</sup> Specifically, management should obtain information to respond to agencies' objectives and risks, and should obtain quality information that is current, complete, and accurate.

DOD has two agencies that are involved with defective cost or pricing data audits—the Defense Contract Audit Agency conducts these audits and if delegated from contracting officers, the Defense Contract Management Agency adjudicates the audits. To identify defective cost or pricing data records for DOD, we collected documentation and interviewed officials from DOD's Defense Pricing, Contracting, and Acquisition Policy office; the Defense Contract Audit Agency; and the Defense Contract Management Agency. We collected information on the defective pricing audits that the Defense Contract Audit Agency conducted for DOD and associated documentation on those audits that were adjudicated and were negotiated and signed by the government.

We interviewed policy, contracting, and suspension and debarment officials at our selected agencies and components responsible for overseeing integrity information on their policies or processes to ensure the quality of integrity information. We interviewed OMB officials on government-wide guidance pertaining to integrity information. We also interviewed representatives from the ISDC and the Procurement Committee for E-Government on their perspectives on reporting integrity information.

We assessed the reliability of integrity records by reviewing existing information about the System for Award Management (SAM) and the data it collects. This information included SAM guidance and the Contractor Performance Assessment Reporting System user manual. We also performed electronic data testing. As part of our methodology, we

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<sup>8</sup>FAR 9.406-3(f)(1)(2); FAR 9.407-3(e)(1)(2); FAR 42.1503(h)(1). Office of Management and Budget, Office of Federal Procurement Policy, *Improving Federal Procurement Data Quality-Guidance for Annual Verification and Validation*, Memorandum (Washington, D.C.: May 31, 2011); and *Improving the Collection and Use of Information about Contractor Performance and Integrity*, Memorandum (Washington, D.C.: Mar. 6, 2013).

<sup>9</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

compared integrity records with other data sources to verify the information in FAPIIS and identify any instances of underreporting. We found notable data discrepancies and underreporting across our selected agencies and government-wide in integrity records in FAPIIS, which we describe in further detail in our findings. However, we determined the data to be reliable for the purposes of (1) describing the integrity information and trends in integrity records reported in FAPIIS, and (2) identifying data discrepancies and underreporting government-wide and across our selected agencies. We verified our analysis of integrity records on terminations and administrative agreements with our selected agencies.

We also assessed the reliability of FPDS data by reviewing existing information about the FPDS system and the termination data it collects. We electronically tested the FPDS termination data for missing values. We determined these data to be sufficiently reliable for our purposes of agency and component selection and to compare termination records in FAPIIS to termination data in FPDS.

We conducted this performance audit from June 2023 to September 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Comments from the Department of Defense



ACQUISITION  
AND SUSTAINMENT

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

Ms. Mona Sehgal  
Director, Contracting and National Security Acquisitions  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, DC 20548

Dear Ms. Sehgal:

This is the Department of Defense response to the Government Accountability Office (GAO) Draft Report, GAO-24-106911, "FEDERAL CONTRACTORS: Actions Needed to Improve Quality of Performance and Integrity Data," dated July 23, 2024 (GAO Code 106911). Detailed responses on the two report recommendations and suggested edits to the draft report are enclosed.

Sincerely,

TENAGLIA.JOHN. Digitally signed by  
M.1154945926 TENAGLIA.JOHN.M.1154945926  
Date: 2024.08.27 19:11:01 -0400

John M. Tenaglia  
Principal Director,  
Defense Pricing, Contracting, and  
Acquisition Policy

Enclosure:  
As stated

Enclosure

GAO Draft Report Dated July 23, 2024  
GAO-24-106911 (GAO CODE 106911)

**“FEDERAL CONTRACTORS: ACTIONS NEEDED TO IMPROVE QUALITY OF  
PERFORMANCE AND INTEGRITY DATA”**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE GAO RECOMMENDATIONS**

**RECOMMENDATION 2:** The Government Accountability Office (GAO) recommends that the Secretary of Defense should direct the Under Secretary of Defense for Acquisition and Sustainment to coordinate with the components to identify and assess underlying causes of integrity information underreporting.

**DoD RESPONSE:** Concur. The Department will coordinate with components to identify and assess fundamental causes of integrity data information underreporting in the Federal Awardee Performance and Integrity Information System (FAPIS) module in the Contractor Performance Assessment Reporting System (CPARS), with the intent of mitigating barriers to compliance.

**RECOMMENDATION 3:** The GAO recommends that the Secretary of Defense should direct the Under Secretary of Defense for Acquisition and Sustainment to take steps, such as policy updates, based on its assessment of underlying causes for integrity information underreporting to ensure that agency personnel have information and awareness of integrity reporting requirements.

**DoD RESPONSE:** Concur. The Department will develop policy, procedures, and/or training materials, as necessary, to address data gaps in the integrity information reporting process based on assessment of fundamental causes of underreporting and reaffirm policy requirements department wide. Additional compliance measures will be evaluated for inclusion in the Department of Defense (DoD) FY 2025 Procurement Data Improvement and Compliance Plan.

# Appendix III: Comments from the General Services Administration

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The Administrator

August 20, 2024

The Honorable Gene L. Dodaro  
Comptroller General of the  
United States  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Comptroller General Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the U.S. Government Accountability Office's (GAO) draft report, *FEDERAL CONTRACTORS: Actions Needed to Improve Quality of Performance and Integrity Data* (GAO-24-106911).

GAO recommended that "[t]he Administrator of the General Services Administration should ensure that when the Office of Government[-wide] Policy updates its guidance, that it includes input from agency contracting personnel to ensure awareness of integrity reporting requirements and available resources for verifying the information." GSA concurs with GAO's recommendation and will take appropriate action.

If you have any questions or concerns, please contact me or Kusai Merchant, Acting Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

A handwritten signature in blue ink that reads "Robin Carnahan".

Robin Carnahan  
Administrator

Enclosure

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**Appendix III: Comments from the General  
Services Administration**

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**U.S. General Services Administration  
Technical Comments  
U.S. Government Accountability Office Draft Report  
“FEDERAL CONTRACTORS: Actions Needed to Improve Quality of Performance  
and Integrity Data” (GAO-24-106911)**

When GAO’s draft report identified findings regarding GSA’s Federal Awardee Performance and Integrity Information System (FAPIIS) reporting, GSA began drafting a policy to address them.

GSA has obtained contracting personnel’s feedback on the draft policy and is finalizing guidance for its workforce. The latest version of the policy update has been shared with GAO’s auditing team, and GSA hopes that this additional information addresses GAO’s remaining concerns.

In addition, GAO’s draft report identified four GSA administrative agreement records, reported in Interagency Suspension & Debarment Committee (ISDC) annual reports, that did not appear as distinct records in FAPIIS. These were included in GAO’s findings of government-wide disconnected reporting of administrative agreements across FAPIIS and other sources. In response, the ISDC issued internal guidance to improve government-wide practices in reporting such agreements. In accordance with this guidance, GSA’s Suspension & Debarment Division (S&D) will create distinct FAPIIS records for each contractor to which an administrative agreement applies when reporting administrative agreements in FAPIIS. S&D revised its standard operating procedures to reflect this. Further, S&D staff will compare the administrative agreement numbers they collect for the ISDC annual report to the administrative agreement records in FAPIIS to corroborate both sources.

**U.S. General Services Administration**  
1800 F Street NW  
Washington, DC 20405  
[www.gsa.gov](http://www.gsa.gov)

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Contact: Mona Sehgal, 202-512-4841 or [SehgalM@gao.gov](mailto:SehgalM@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Meghan Perez (Assistant Director), Anh Nguyen (Analyst-in-Charge), Timothy Moss, Joshua Bolanos-Cruz, Devyn Brown, Lorraine Ettaro, Suellen Foth, Brittany Morey, Sylvia Schatz, and Adam Wolfe made key contributions to this report.



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