

September 17, 2012

Office of Federal Procurement Policy  
ATTN: Ryan Burnette  
New Executive Office Building, Room 9013  
725 17<sup>th</sup> Street, NW  
Washington, DC 20503

Submitted via Regulations.gov

Subject: Comment on Contracting Officers' Access to Relevant Integrity Information

Dear Mr. Burnette:

The Project On Government Oversight (POGO) provides the following public comment to "Request for Comment on Contracting Officers' Access to Relevant Integrity Information," (77 Fed. Reg. 42339, July 18, 2012). As an independent nonprofit organization committed to achieving a more accountable and transparent federal government, POGO has a longstanding interest in federal contracting issues.

The Office of Federal Procurement Policy (OFPP) seeks public comment on whether changes to current regulations and other guidance might improve contracting officers' access to relevant information about contractor business ethics in the Federal Awardee Performance and Integrity Information System (FAPIIS) database. Specifically, OFPP is considering changes to the Data Universal Numbering System (DUNS) used to identify contractors for data collection purposes.

POGO is encouraged that the federal government is re-evaluating the process of assigning a unique identifier to the corporate entities with which it does business. In addition to OFPP, the Department of Defense (DoD) and the General Services Administration (GSA) are also exploring alternatives that will improve contracting officers' ability to identify the corporate structures and interrelationships of contractor entities. In June, the Government Accountability Office (GAO) sent a letter to Senator Ben Nelson (D-NE) identifying the challenges posed by the government's use of the DUNS system and the steps GSA is taking to mitigate those challenges.<sup>1</sup>

As OFPP notes, there is concern that the DUNS system is hindering contracting officers' ability to access data in FAPIIS, the principal resource for determining prospective contractors' past performance history and ethical background. If contracting officers are not able to fully assess

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<sup>1</sup> Letter from William T. Woods, Government Accountability Office, to the Honorable E. Benjamin Nelson, United States Senate, about government analysis of alternatives for contractor identification numbers, June 12, 2012. <http://www.gao.gov/assets/600/591551.pdf>. (Downloaded August 15, 2012)

the responsibility of prospective contractors, taxpayer money will be put at greater risk of fraud, waste, and abuse.

Contracting officers pull information from FAPIIS by the nine-digit DUNS number. A contractor entity may have multiple DUNS numbers, with a different number assigned to each physical location, affiliate, and subsidiary of the entity. For instance, the corporate family of Lockheed Martin has more than 200 different DUNS numbers. Because the government does not associate multiple DUNS numbers with a single entity, contracting officers researching a particular company in FAPIIS may miss relevant responsibility data.

The shortcomings of the DUNS system have serious consequences for taxpayers in terms of an increased risk of awarding contracts and other federal funds to ineligible companies. For example, in 2009, the GAO discovered that one debarred company had received \$30,000 in federal orders by creating a new company with a slightly altered name (but the same point of contact information) and a different DUNS number.<sup>2</sup> The DUNS system is not designed to tip off contracting officers to these kinds of corporate maneuverings.

Browsing the public FAPIIS database (<https://fapiis.ppirs.gov>) gives a sense of how the DUNS system might be hindering contracting officers' research. We found United Technologies listed in FAPIIS under three different DUNS numbers (001447952, 0014479520001 [as "United Technologies Corporation"], and 788136646 [as "United Technologies Inc"]), but a record of its January 2012 defective pricing incident only appeared under the first DUNS number. A contracting officer researching United Technologies in FAPIIS could easily miss this important bit of information.

A possible solution is to use a cross-referencing system for contractors with multiple DUNS number listings. One of the contractor's listings, perhaps the first one entered into FAPIIS by the government or the contractor, could become the one into which all performance and integrity data and records for this contractor – all of its physical locations and all of its affiliates and subsidiaries – are entered, and all future listings for this contractor and its related entities would direct users to this one centralized listing.

A simple cross-referencing system would greatly improve the functionality of FAPIIS. The government already has the ability to link corporate parents and subsidiaries for contracting data collection purposes. Until just a few years ago, the DoD compiled annual reports listing the 100 companies receiving the largest dollar volume of prime contract awards, each report containing a table grouping the top 100 parent companies with all subsidiaries that received federal contract dollars.<sup>3</sup>

Having spent several years advocating for the creation of FAPIIS, POGO welcomes the opportunity to provide feedback on its ongoing development. FAPIIS represents a major

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<sup>2</sup> Government Accountability Office, *Excluded Parties List System: Suspended and Debarred Businesses and Individuals Improperly Receive Federal Funds*, GAO-09-174, February 2009. <http://gao.gov/products/GAO-09-174>. (Downloaded July 27, 2012)

<sup>3</sup> These reports, which apparently have not been compiled since fiscal year 2006, are posted at [http://siadapp.dmdc.osd.mil/procurement/historical\\_reports/statistics/procstat.html](http://siadapp.dmdc.osd.mil/procurement/historical_reports/statistics/procstat.html).

milestone in federal contracting accountability, but there is still much room for improvement. For example, we hope the FAR Councils explore the feasibility of collecting local government information and expanding the scope of reporting to include violations not involving federal contracts and grants, as proposed in the final rule implementing FAPIIS.<sup>4</sup>

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Neil Gordon', with a long horizontal flourish extending to the right.

Neil Gordon  
Investigator  
ngordon@pogo.org

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<sup>4</sup> 75 Federal Register 14059, March 23, 2010, p. 14060. <http://www.gpo.gov/fdsys/pkg/FR-2010-03-23/pdf/2010-6329.pdf>. (Downloaded September 14, 2012)