

STATEMENT OF  
THE HONORABLE DONALD A. GAMBATESA,  
INSPECTOR GENERAL,  
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

BEFORE THE  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
U.S. HOUSE OF REPRESENTATIVES

USAID SUSPENSION AND DEBARMENT PROCESS

MARCH 18, 2010

Chairman Towns, Ranking Member Issa, Members of the Committee, I am pleased to appear before you today to testify on behalf of the Office of the Inspector General for the U.S. Agency for International Development (USAID) and to be joined by my colleagues from other oversight organizations and representatives of the Agencies with whom we work. Today, I would like to share our assessment of USAID's activities related to suspension and debarment.

In October 2009, we concluded an audit of USAID's suspension and debarment practices. We found that suspension or debarment had not been considered in all cases in which those exclusions might have been warranted. Consideration of suspension or debarment was limited to cases investigated by our office that included criminal or civil prosecution and action was not always taken in response to other types of referrals. This limited approach to suspensions and debarments resulted in actions in only nine cases during the period covered by our audit.

When USAID took suspension and debarment actions, it did not always do so properly. Some debarred entities were not entered into the Excluded Parties List System (EPLS) and others were listed late.

Moreover, USAID sometimes failed to document that it checked the Excluded Parties List System to determine whether firms were precluded from receiving Federal funds. The Agency could not establish that it had performed these checks for 20 of 54 of the contracts we examined.

However, our audit did not identify any instance in which USAID issued contracts or grants to entities listed in the system.

We believe that USAID's organizational approach to suspension and debarment reduces its ability to use these exclusions effectively. At the time of the audit, the review, approval, and implementation of suspensions and debarments were managed by offices and individuals with many varied responsibilities. Other Federal agencies we surveyed had established units specifically dedicated to suspension and debarment activities. We recommended that USAID consider adopting a similar approach.

Overall, our report made 12 recommendations. We recommended corrective measures to strengthen documentation related to suspensions and debarments, as well as improvements in policies, procedures, and guidance. We also recommended that USAID consider alternative organizational approaches and take steps to identify best practices.

USAID managers agreed with nine recommendations and planned steps to address them.

The Agency is still considering recommendations to enhance its organizational approach and identify best practices. As of March 15th final action had not been taken to close any of the audit's recommendations. However, I understand that significant progress is being made in that effort.

Many skilled and capable employees are committed to USAID's mission, and the Agency works with a host of implementing partners that demonstrate a similar dedication to their work and provide high-quality services. By excluding ineligible entities, the suspension and debarment process reinforces the credibility and effectiveness of the Agency's efforts and those of its implementing partners, and it helps protect taxpayer dollars. We look forward to continuing to work with USAID to strengthen its suspension and debarment efforts.

Mr. Chairman, I thank you for this opportunity to address the committee and appreciate your interest in our work. I would be happy to answer any questions you may have at this time.