

OMB Will Require Annual Re-Certification Of Small Firms on GSA Schedules, GWACs

Set Aside Alert

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The office of Management and Budget will require contractors to re-certify their small-business status annually on GSA Schedules and government-wide acquisition contracts, to weed out those that have outgrown size standards or been acquired by large businesses.

OMB has told agencies to begin requiring re-certification on government-wide acquisition contracts April 1. Currently there are 14 GWACs run by four agencies: GSA, NIH, Commerce and NASA.

Amendments to the Federal Acquisition Regulation and Small Business Administration regulations will be published to require annual re-certification of GSA schedule contractors and those on all other multiple award contracts, OMB said. That will supersede a recent GSA rule requiring re-certification every five years.

"Good deal," said Lloyd Chapman, president of the Micro-computer Industry Suppliers Association in Novato, CA, who has been crusading for action on this front.

After Chapman took his campaign to members of Congress, both the U.S. Attorney's office for the District of Columbia and the General Accounting Office confirmed they have begun inquiries into whether large firms are posing as small ones in bidding on federal contracts.

GAO's early findings indicate that "billions of dollars" have been awarded improperly, said Wendy Belzer, spokeswoman for the Rep. Nydia Velazquez (D-NY). The inquiry is still in progress.

Chapman said GAO is uncovering evidence of "blatant federal contract fraud on the part of some companies."

A company that fraudulently claims small-business status as a federal contract can face criminal and civil penalties as well as debarment from contracting.

The move to more frequent recertification "was inevitable," said Larry Allen, executive director of the Coalition for Government Procurement, an organization of GSA schedule contractors. "I don't think it's a bad thing necessarily. I wonder, however, if one year isn't a little too frequent."

GAO has ruled that an agency may require a contractor to re-certify its eligibility as a small business every time it bids on a task order under the schedules, but that rarely happens, according to industry sources. (SAA, 9/20/02)

SBA is not considering requiring re-certification when options on individual contracts are exercised, Gary Jackson, assistant administrator for size standards, said in an interview. A company that is small when it is awarded a contract will continue to be counted as small through option periods lasting up to five years.

Nor does the agency intend to require periodic updates of listings on its PRO-NET database of small firms, Jackson said.

He said 90,000 companies were dropped from PRO-NET when the database was merged with the Defense Department's Central Contractor Registration late last year. Most of those had not updated their listings in more than 18 months, but some were dropped because they exceeded size standards.

More than 160,000 companies are registered on the combined PRO-NET/CCR, the government's official registry of small businesses.

Chapman said he has given SBA the names of some large businesses listed on PRO-NET.

He said SBA executives recently told him they had removed 19 companies from the registry as a result of his complaint. But he said SBA did not notify other agencies that the companies no longer qualified for small-business preferences: "The flow of contracts (to those firms) has been unaffected."

Chapman said he has also urged SBA to rewrite its regulations so that a firm loses its small-business status immediately if it is bought by a large company.