

**Supporting Statement for Information Collection Submission
3090-0007 – Contractor's Qualifications and Financial Information (GSA
Form 527)**

A. Justification

1. Explain the circumstances that make the collection of information necessary.

In accordance with Part 9 of the Federal Acquisition Regulation (FAR), Contracting Officers (COs), as good stewards of taxpayers' dollars, must determine if a prospective contractor is responsible[1] through the review and examination of documentation that demonstrates that the prospective contractor's resources are capable of meeting the needs outlined in the procurement. The information can be obtained by the CO through pre-award surveys, through audit reports, suppliers, subcontractors, customers of the prospective contractor, financial institutions, information available through Federal Awardee Performance and Integrity Information System (FAPIIS) such as information on the offeror and any immediate owner, predecessor, or subsidiary identified for that offeror in FAPIIS, including information that is linked to FAPIIS such as from System for Award Management (SAM), and Past Performance Information Retrieval System (PPIRS), as well as any other relevant and other verifiable information. Although there are many systems and methods of collecting the data, there are times when the information collected does not provide sufficient information for the CO to determine if the potential contractor is responsible. In these incidents the COs will request that the prospective contractor complete GSA Form 527.

See Attachment A for a copy of the appropriate section of the FAR Subpart 9.103 and 9.104-1 and General Services Administration Acquisition Manual (GSAM) 509.105-1, Federal Property and Administration Act of 1949 as amended 40 Code of Federal Regulation (CFR) 486) are cited as legal and administrative requirements that necessitate the collection of the data.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

After the CO has determined that there is a need for the prospective contractor to complete the GSA Form 527, an email request to the prospective contractors requesting the completion of the form is transmitted through the Office of Administrative Services (OAS). The form, once completed by the prospective contractor, is returned to OAS personnel for analysis, in accordance, with industry guidelines and the provisions of the proposed contract.

The purpose of collecting the information is to assist the CO in substantiating the financial responsibility and qualifications of the prospective contractor in accordance with all applicable federal regulations and policies. The accuracy and relevancy of the data collected is critical in deciding the best contractor for

[1] FAR Part 2 and 48 C.F.R § 2.101 defines a *Responsible prospective contractor* as contractor that meets the standards in 9.104

the Government. Selecting a prospective contractor that is not financially responsible may lead to delays in deliverables, or re-competing the requirements due to contractor termination due to lack of performance, or contractor going out of business.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

GSA uses improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit portions of this information collection requirement electronically.

The GSA Form 527 is available in a fillable electronic format and allows prospective contractors to attach electronic data from Credit Bureaus or their balance sheets and income statements as substitutes to completing corresponding sections of the Form. Much of the requested information is standard financial data, therefore; typically GSA can accept the internally prepared balance sheet and income statements. In fact, the submission of prepared balance sheets and income statements and credit reports has increased in recent years and has reduced the average burden on prospective contractors.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

GSA has compared the Form 527 with Standard Forms 1403, 1404, 1405, 1406, 1407, and 1408 and found that there is some duplication between GSA Form 527 and SF 1407-*Preaward Survey of Prospective Contractor Financial Capability*; however, the details required in the forms is substantially different.

GSA's Form 527 is a request for detailed financial information and other relevant facts regarding the prospective contractor's operation. The information, provided and certified by the company in Form 527, allows the Financial Analyst to perform an in-depth analysis of the company's financial position. SF 1407 is basically a summary of the Financial Analyst's findings at the end of research, analysis, and interpretation of the company's data for the CO to use, in conjunction, with the Financial Analyst's opinion, to determine the financial responsibility of the prospective contractor.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

Looking first at the fact that the completion of GSA Form 527, per the FAR Subpart 9.1, is only required if the CO could not obtain sufficient information from other sources ensures that unnecessary burden is not placed on any prospective contractor. Therefore, burden applied to small businesses is the minimum consistent with applicable laws, Executive Orders, regulations, and prudent business practices.

The FAR also provides conditions under which pre-award surveys are to be accomplished that minimize the information collection burden on small businesses. First, the CO must determine if the pre-award survey is applicable for the type of contract. Pre-award surveys are discouraged for fixed priced contracts at or below the simplified acquisition threshold and for contracts involving the acquisition of commercial items, unless circumstances justify the survey's cost. Actions at or below the simplified acquisition threshold are totally set aside for small business, thereby minimizing the circumstances under which pre-award surveys would be conducted on small business entities.

In addition, FAR 9.106-4(b) requires that a contract administration office/surveying activity consult the appropriate Small Business Administration field office before making an affirmative recommendation regarding a contractor's responsibility or nonresponsibility when that small business has received preferential treatment on an ongoing contract under Section 8(a) of the Small Business Act (15 U.S.C. 637) or has received a Certificate of Competency from the Small Business Administration during the last 12 months.

Second, GSA's current policy permits the CO to use the financial information on file if it is not more than six months old without requiring the prospective contractor to resubmit the form.

Third, GSA's current policy is that financial information shall be obtained if the information on file is more than six months old, unless the financial strength of the company far exceeds the resources required for the proposed contract. If the preliminary analysis of the information on file indicates a marginal or unsatisfactory condition, financial information is sought to give the prospective contractor an opportunity to affirmatively show the ability to produce, regardless of the age of the financial information on file.

Lastly, GSA minimized the burden of completing the GSA Form by accepting copies of company-prepared financial statements in lieu of completing balance sheet and income sections on the form, unaudited financial data, and relying on other externally acquired information to provide additional assurance of the prospective contractor's financial responsibility.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

One consequence of not collecting the financial data from the prospective contractor is that sufficient data may not be available from other sources to find an otherwise viable entity financially responsible, and the reliance on non-verified external sources alone may result in the award of a contract to a non-responsible contractor. Non-responsible contractors are more likely to default on the contract resulting in excess procurement costs.

Another consequence is that the CO would not be in compliance with the FAR or GSAM regulations and policies which may increase the Agency's risk of protests or claims.

7. Explain any special circumstances for this information collection.

The data collected in GSA Form 527 is fully consistent with guidelines in 5 CFR 1320.6- *Public Protection* and is required by the FAR and other regulations.

8. Describe efforts to consult with persons outside the agency.

A notice was published in the *Federal Register* at 83 FR 7184, on February 20, 2018. No comments were received. A 30 day notice published in the *Federal Register* at 83 FR 32297 on July 12, 2018.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

Not applicable.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

The assurance of confidentiality provided by GSA to respondents of GSA Form 527 is derived from an exception to the Freedom of Information Act (FOIA) (5 USC 552). Item 4 of the categories of records exempt from disclosure under the FOIA exempts disclosure of “Trade secrets and commercial or financial information obtained from a person and privileged or confidential” (41 CFR 105-60.501(a)(4)).

11. Provide additional justification for any questions of a sensitive nature.

Not applicable. GSA Form 527 does not contain any questions of a sensitive nature.

12 & 13. Provide estimates of the hour burden of the collection of information.

The estimated cost per hour is based on the equivalent of a GS-5, Step 5 rate of \$18.13 (Base Pay and Rest of US Locality Pay) (Salary Table 2018-GS, Effective January 2018), with fringe of 36.25% (OMB Memo M-08-13).

Estimated Respondents Per Year.....	2,542
Responses Per Respondent.....	<u>x 1.2</u>
Total Annual Responses.....	3,050
Estimates Hours Per Response.....	<u>x 1.5</u>
Estimated Total Burden Hours.....	4,575
Cost Per Hour.....	<u>x \$24.70</u>
Estimated Burden Cost to the Public.....	\$113,003

The estimated cost per response is \$37.05.

GSA based the estimated burden of the collection of information on information obtained from subject matter experts familiar with analyzing GSA Form 527 in the Credit and Finance Division. The burden addressed in this information collection requirement is the burden of developing, preparing, and submitting the required information. The number of respondents estimated to be affected has decreased slightly since the last information collection renewal. Each response is estimated to take 1.5 hours, on

average. This estimate has been reduced from prior estimates due to the widespread use of the option for prospective contractors to submit financial statements and balance sheets in lieu of completing the applicable fields on GSA Form 527. The alternate submission of financial statements and balance sheets significantly reduces the burden on prospective contractors, as these documents are generally readily available.

The information requested on the GSA Form 527 is not of a special nature. It falls into the category of customary and usual business practice. The information is already available and is used for other requestors. No special capital or start-up costs are required for this form to be completed.

14. Provide estimates of annualized costs to the Federal Government.

The forms must be reviewed and analyzed by representatives in the Credit and Finance Division. This processing time is estimated at approximately 1 hour.

The estimated cost per hour is based on the equivalent of a GS-12, Step 5 rate of \$39.85 (Base Pay and Rest of US Locality Pay) (Salary Table 2018-GS, Effective January 2018), with fringe of 36.25% (OMB Memo M-08-13).

Total Responses.....	3,050
Estimates Hours Per Response.....	<u>x 1.0</u>
Estimated Total Burden Hours.....	3,050
Cost Per Hour.....	<u>x \$54.30</u>
Estimated Burden Cost to the Government...	\$165,615

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14.

Since the last report, the estimated total burden hours for the public decreased from 5,292 hours to 4,575 hours, and the number of requests for financial information to prospective contractors was reduced by 477. These reductions directly resulted from GSA’s widespread use of the option for potential contractors to submit readily available financial statements and balance sheets, in lieu of, completing the applicable fields on GSA Form 527.

In spite of the significant reductions to the public and government’s burden costs associated with the submission of financial information, the costs presented in this report are higher than those reported previously. These higher cost estimates were due to GSA deciding to make several adjustments to how it calculates and reports the estimated burden costs for the public and the government. The adjustments were as follows:

- GSA used the same data source to calculate the cost per hour for the public and the government. Previously, the report used the Wage Rate Requirements to calculate the public’s cost per hour. Contrastly, the Office of Personnel Management’s General Schedule Tables were used to calculate the government’s cost per hour; and
- GSA incorporated fully burdened rates (*i.e.* base salary, inflation, locality, and fringe benefits) into its calculations so that costs are presented appropriately.

16. For collections of information whose results will be published, outline plans for tabulation and publication.

Results will not be tabulated or published.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Not applicable.

18. Explain each exception to the certification statement identified in the “Certification for Paperwork Reduction Act Submissions”.

Not applicable.

B. Collections of Information Employing Statistical Methods

Statistical methods are not used in this information collection.

ATTACHMENT A
Appropriate Sections Statute and Regulation Mandating or Authorizing the Collection of Information

Part 9- Contractor Qualifications - Acquisition
Subpart 9.1—Responsible Prospective Contractors

9.103 Policy.

(a) Purchases shall be made from, and contracts shall be awarded to, responsible prospective contractors only.

(b) No purchase or award shall be made unless the contracting officer makes an affirmative determination of responsibility. In the absence of information clearly indicating that the prospective contractor is responsible, the contracting officer shall make a determination of nonresponsibility. If the prospective contractor is a small business concern, the contracting officer shall comply with [subpart 19.6](#), Certificates of Competency and Determinations of Responsibility. (If Section 8(a) of the Small Business Act ([15 U.S.C. 637](#)) applies, see [subpart 19.8](#).)

(c) The award of a contract to a supplier based on lowest evaluated price alone can be false economy if there is subsequent default, late deliveries, or other unsatisfactory performance resulting in additional contractual or administrative costs. While it is important that Government purchases be made at the lowest price, this does not require an award to a supplier solely because that supplier submits the lowest offer. A prospective contractor must affirmatively demonstrate its responsibility, including, when necessary, the responsibility of its proposed subcontractors.

9.104-1 General standards.

To be determined responsible, a prospective contractor must—

(a) Have adequate financial resources to perform the contract, or the ability to obtain them (see [9.104-3\(a\)](#));

(b) Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and governmental business commitments;

(c) Have a satisfactory performance record (see [9.104-3\(b\)](#) and [subpart 42.15](#)). A prospective contractor shall not be determined responsible or nonresponsible solely on the basis of a lack of relevant performance history, except as provided in [9.104-2](#);

(d) Have a satisfactory record of integrity and business ethics (for example, see [subpart 42.15](#)).

(e) Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them (including, as appropriate, such elements as production control procedures, property control systems, quality assurance measures, and safety programs applicable to

materials to be produced or services to be performed by the prospective contractor and subcontractors).
(See [9.104-3\(a\)](#).)

(f) Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them (see [9.104-3\(a\)](#)); and

(g) Be otherwise qualified and eligible to receive an award under applicable laws and regulations (see also inverted domestic corporation prohibition at [9.108](#)).

Part 509— Contractor Qualifications
Subpart 509.1— Responsible Prospective Contractors

509.105 Procedures.

509.105-1 Obtaining information.

(a) From a prospective contractor. FAR 9.105-1 lists a number of sources of information that a contracting officer may utilize before making a determination of responsibility. The contracting officer may request information directly from a prospective contractor using GSA Form 527, Contractor's Qualifications and Financial Information, but only after exhausting other available sources of information.

(b) From Government personnel. The contracting officer may solicit and consider information from any appropriate activities, e.g., legal counsel, quality control, contract management, credit and finance, and auditors before determining that an offeror is responsible.