

**Supporting Statement for Paperwork Reduction Act Submission
3090-0007 – GSA Form 527, Contractor's Qualifications and Financial Information**

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

Federal Acquisition Regulation (FAR) 9.103 states that: “(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...” (48 CFR 9.103). FAR 9.104-1 further states: “To be determined responsible, a prospective contractor must (a) have adequate financial resources to perform the contract, or the ability to obtain them....” (48 CFR 9.104-1). GSA Form 527 is used to gather financial information necessary to evaluate the financial responsibility of prospective contractors. The form is prescribed in the General Services Administration Acquisition Manual (GSAM) at 509.105-1 (48 CFR 509.105-1). The GSAM is prescribed under the authority of the Federal Property and Administrative Act of 1949, as amended (40 USC 486). Copies of the above cited regulations are enclosed.

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.

GSA Form 527 is mailed or hand-delivered to prospective contractors by the Office of Finance personnel at the request of the contracting officer. The forms, once completed by the prospective contractor, are returned to the Finance personnel for analysis in accordance with industry guidelines and the provisions of the proposed contract. Based on the information provided on the form and financial data obtained from other sources, Finance personnel render an opinion as to the prospective contractor’s financial responsibility. The consequences of not collecting the financial data from the prospective contractor are 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 awarding of a contract to a non-responsible contractor at the expense of a responsible contractor. Non-responsible contractors are more likely to default, resulting in excess re-procurement costs.

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.

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While information technology may not have directly reduced the burden, the availability of credit reports by computer terminal has given the Government quicker access to timely information and may have reduced the frequency of our requests for updated financial information. Since much of the information is standard financial data, we accept internally prepared balance sheet and income statements in lieu of completing those sections of the GSA Form 527.

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.

There is some duplication between GSA Form 527 and SF 1407, Preaward Survey of Prospective Contractor Financial Capability. They both request general information as to the type of organization and financial statements. The information requested is of the type that a company has readily available for many types of requests.

GSA 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, allows the Financial Analyst to perform an in-depth analysis of the company's financial position. SF 1407 is basically a summary for the contracting officer. SF 1407 is completed by the Financial Analyst, and represents the end results of research, analysis, and interpretation of the company's data by the Analyst. SF 1407 does not require the detailed data required by the Analyst to perform an in-depth financial evaluation.

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

There are two specific approaches to our gathering of financial information that minimizes the burden on small businesses. First, we accept copies of internally prepared financial statements in lieu of completing balance sheet and income sections on our form. The second approach is to accept unaudited financial data and rely on other externally acquired information to provide additional assurance of 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.

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. In our opinion, this policy benefits both prospective contractors and the Government. Less frequent requests for financial information would be inappropriate.

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7. Explain any special circumstances that would cause an information collection to be conducted in a manner requiring respondents to—

- **Report information to the agency more often than quarterly;**
- **Prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **Submit more than an original and 2 copies of any document;**
- **Retain records, other than health, medical, government contracts, grant-in-aid, or tax records, for more than 3 years;**
- **In connection with a statistical survey, that is not designed to produce valid, reliable results that can be generalized to the universe of study;**
- **Require the use of a statistical classification that has not been reviewed and approved by OMB;**
- **Include a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **Submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

The financial survey process begins when a contracting officer requests a Pre-award Survey. If current financial data is on-hand from a previous survey, a decision may be rendered right away. However, if no data is on-hand or the financial information is outdated (more than 6 months old), a letter and GSA Form 527 are sent to the bidding contractor to request financial information. This letter requests the potential contractor to respond within fifteen calendar days. If no response is received by the eighth day, a second reminder is sent.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

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Not applicable.

9. Explain any decision to provide any payment or gift to respondents, other than reenumeration 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, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

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

12. Provide estimates of the hour burden of the collection of information. The statement should—

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices;**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13; and**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.**

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The estimated number of respondents annually is 2940, with each respondent responding an estimated 1.2 times. The total annual responses are estimated to be 3528, with each response requiring 2.5 hours for a total of 8820 hours.

The estimated annualized cost to the public is \$105,840. Using the above reference, 3528 annual responses at 2.5 hours per request = 8820 hours x \$12 per hour = \$105,840.

Total Annual Requests	3528
Estimates hours/response	<u>2.5</u>
Estimated total burden/hours	8820
Average Cost/hour	<u>\$12</u>
Total Cost to Public	\$105,840

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)

- **The cost estimate should be split into two components: (a) total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling, and testing equipment, and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995; (2) to achieve regulatory compliance with requirements not associated with the information collection; (3) for reasons other than to provide information or keep records for the Government or (4) as part of customary and usual business or private practices.**

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

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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. Also, provide a description of the method used to estimate cost, which should include qualification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

Estimate of the burden hours to the Federal Government is 3528 hours. Reviewing and processing each response should take approximately 1 hour; the total number of responses is estimated to be 3528 each year. 3528 responses x 1 hour = 3528 hours.

Based on the 3528 burden hours to the Government, using the annual salary of a GS-12, step 1, and an annual salary of \$59,004, hourly wage of \$28.27.

Reviewing Time/hr	1 hour
Requests/year	<u>3528</u>
Review Time/year	3528 hours
Average Cost/hr	<u>\$28.27</u>
Total Government Cost	\$99,737

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

Not applicable.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Not applicable.

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”.

B. Collections of Information Employing Statistical Methods

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Statistical methods are not used in this information collection.