

## **Supporting Statement**

### **OMB Control No: 3090-0XXX; Notarized Document Submittal for System for Award Management Registration**

#### **A. Justification.**

##### **1. Circumstances Making the Collection of Information Necessary**

Pursuant to 5 CFR § 1320.13, the U.S. General Services Administration (GSA) requests Office of Management and Budget (OMB) emergency approval of an Information Collection Request (ICR) to collect additional information to support increased validation of entities registered and registering in the System for Award Management (SAM). The additional information is a notarized letter to validate the identity of the users registering or recertifying in SAM. The original, signed letter would be mailed to the Federal Support Desk for SAM prior to the registration's activation or re-registration.

GSA is supporting an active Office of Inspector General (OIG) investigation into fraudulent activity discovered within SAM. Certain alleged bad actors have, through electronic means, used public information to impersonate legitimate entities and established new entity registrations for those entities in SAM. By establishing fraudulent entity registrations, alleged bad actors can potentially submit bids in U.S. Government procurement systems or ship deficient or counterfeit goods.

The collection of information is essential to GSA's acquisition mission to meet the needs of all federal agencies, as well as the needs of the grant community. A key element of GSA's mission is to provide efficient and effective acquisition solutions across the Federal Government. SAM is essential to the accomplishment of that mission. In addition to federal contracts, federal assistance programs also rely upon the integrity and security of the information in SAM. Without assurances that information in SAM is protected and is at minimal risk of compromise, GSA risks losing the confidence of the federal acquisition and assistance communities. As a result, some entities may prefer not to do business with the Federal Government.

GSA cannot comply with the normal clearance procedures because public harm is reasonably likely to result if current clearance procedures are followed. Not only would there be greater risk of fraudulent entities establishing themselves in SAM, but public confidence in SAM would be significantly eroded, possibly resulting in fewer entities desiring to do business with the Federal Government.

At this time, due to the sensitive and critical nature of the incident, GSA has not been able to

consult with other affected agencies and members of the public. GSA would prefer to request that entities meet the notarization requirement at the same time and in the same communication in which the incident is recognized. To fail to describe the remedy of notarization at that time would likely result in unnecessary anxiety and confusion in the SAM existing and new registrant community.

Therefore, GSA requests a waiver under the requirements set forth in 5 CFR §1320.5(a)(1)(iv), for prior publication in the *Federal Register*, due to the urgent requirement to notify SAM entities of the risks described above at the same time as informing them of new ICR requirements.

## **2. Purpose and Use of Information Collection**

The information required for SAM registration for federal contracts and federal assistance includes completing up to four modules in SAM: Core Data, Assertions, Representations and Certifications, and Points of Contact sections to provide, among other things:

- the registering entity's legal business name;
- the registering entity's physical address;
- Data Universal Numbering System (DUNS) number from Dun & Bradstreet;
- Taxpayer Identification Number (TIN);
- Electronic Funds Transfer information;
- Commercial and Government Entity (CAGE) Code assigned by the Department of Defense's Defense Logistics Agency (DLA);
- the entity size;
- type of organization; and
- point of contact information.

Prior to becoming active, an entity's SAM registration must pass certain validations with Dun & Bradstreet (D&B), the Internal Revenue Service (IRS), and CAGE assignment (for new entity registrations) or validation with the DLA (for updates to existing entity registrations). The use of a notarized letter will be an added control to validate the user's role as Entity Administrator to deter fraud.

## **3. Use of Improved Information Technology and Burden Reduction**

GSA uses improved information technology to the maximum extent practicable. SAM is an Internet-based platform easily accessed from any computer enabling the registrant to submit the information electronically. GSA's preferred alternative to submitting a hardcopy of the notarized document is a technological solution, but any technological solution will take time and resources to implement. GSA has formed a tiger team to identify a secure, efficient, and long-term technical solution as quickly as possible. Their recommendation is expected soon,

but depending on the recommendation complexity, more time will be required for implementation.

Therefore, in the interim, GSA has decided that the best and least burdensome alternative would be to use a notarized document to validate the identity of the SAM registrant. Notarized documents are usually affixed with a seal of authenticity, are admissible in Federal court, and are widely used in all manner of situations for identify verification.

#### **4. Efforts to Identify Duplication and Use of Similar Information**

Two existing OMB ICRs cover the information collected to register in SAM (OMB No. 9000-0159 and No. 3090-0290). However, neither the instructions for registration at [www.sam.gov](http://www.sam.gov) nor the two OMB clearances anticipated the identified fraudulent behavior. Consequently, neither currently require the submission of a notarized letter to validate the Entity Administrator's identity for a new entity registration nor for re-registration.

GSA considered other alternatives to deter this type of fraudulent behavior using SAM data in the future, including the following:

- a. Take no additional user identity verification action;
- b. Notify only the known, impacted entities of the fraudulent activity;
- c. Request entity confirmation of any recent changes to bank account information in their registration;
- d. Require electronic submission of notarized letters for known, impacted entities, new entity registrations, and updates/annual re-certifications of existing registrations; and
- e. Implement technical user identity verification process in SAM.

The first alternative was immediately eliminated given the severity and impact of the fraudulent activity. The second and third alternatives were of limited scope and did not fully mitigate the risk of future fraudulent activity. The fourth alternative raised concerns about potential manipulation of the document. Also, alternatives two, three, and four were considered insufficient to verify the identity of the Entity Administrator.

#### **5. Impacts on Small Businesses or Other Small Entities**

The burden applied to small businesses pursuing federal contracts and federal assistance awards is the minimum consistent with applicable laws, executive orders, regulations and prudent business practices. The requirement for a notarized letter to validate the identity of the users registering or recertifying in SAM should be minimal. A document can be notarized, usually, for free at an entity's bank. Other financial services firms, such as credit unions, thrifts, real estate firms or insurance company offices also commonly have notaries available. As with banks, such firms usually provide notary service at no charge, provided that an entity is a client or customer

of the firm. If a third-party provides notary service, then there is usually a nominal fee.

## **6. Consequences of Collecting the Information Less Frequently.**

Collection of notarized letter from entities registered and registering will enable the entities to update and renew their registration information in SAM. By collecting the information, Federal agencies will continue to be able to award new Federal contracts and grants to registered and registering entities. Without collecting this information, critical Federal contracts and grants impacting government-wide programs would be in jeopardy of not being awarded.

## **7. Special Circumstances for Collection.**

GSA has taken several actions to reduce the risk of this happening going forward. Actions include expiring suspect SAM registrations and requiring authentic entities to re-register; advising entities showing a recent bank account change to verify their registration information; and implementing measures to better verify the identity of entities registering in SAM. As an immediate measure until a long-term solution is identified, GSA will require a notarized letter to help ensure the credibility of those registering in the system.

The Entity Administrator or authorized representative of an active registrant with a change to the bank account information associated with the entity's registration in SAM made within the past year will be requested to check SAM and confirm this change. Incorrect bank information in SAM could result in misdirected payments for Federal awards.

Within thirty (30) calendar days, the entity must provide a notarized letter attesting to two things:

- a. Identify the authorized Entity Administrator for [Legal Business Name / DUNS / CAGE] in accordance with the instructions at: [insert link to FSD FAQ]
- b. Confirm that the information on the current entity registration Financial Information page is correct.

The entity must mail the original letter signed by the notary to the Federal Service Desk. The letter must be postmarked within thirty (30) calendar days of the GSA notification. If the entity does not send the original, signed notarized letter within that time, GSA will expire the entity's registration.

## **8. Efforts to consult with persons outside the agency, including comments received.**

GSA requests a waiver under the requirements set forth in 5 CFR§1320.5(a)(1)(iv), for prior publication in the *Federal Register*, due to the urgent requirement to notify SAM entities of the risks described above at the same time as informing them of new ICR requirements.

Going forward, and once this Emergency ICR is approved, GSA will take all practicable steps to consult with interested agencies and members of the public in order to minimize the burden of

the collection of information. Such steps include preparing a *Federal Register* notice in order to submit a permanent Information Collection Request, until such time that a technological solution can be implemented that will eliminate the need for notarization.

In the interim, GSA has taken steps to notify the following audiences about the notarized letter requirement:

- a. Active SAM entities with expiring registrations;
- b. Active SAM entities with known, impacted entities in their family tree which contained suspect bank account information;
- c. Active users (Entity Administrator and/or entity registration representative) and/or D&B point of contact identified for the known entities that ever had an *active* entity registration, which contained suspect bank account information;
- d. Active users (Entity Administrators and/or entity registration representatives) for entities that had a change in bank account information to their most recent submitted/active records in the last year. This query was not triggered by suspect bank account activity; and
- e. New SAM registrants.

**9. Explanation of any payment or gift to respondents, other than remuneration of awardees.**

No payment or gift will be provided to participants.

**10. Assurance of confidentiality provided to respondents.**

The information is disclosed only to the extent consistent with prudent business practices and current regulations. All sensitive entity information in SAM is restricted solely to authenticated users of SAM.

**11. Justification for questions of a sensitive nature.**

No sensitive questions are involved. The notarized letter will be required to address the following:

- Be on company/organization letterhead
- Be signed by entity President, CEO, or other authorized signature authority
- Contain entity DUNS Number
- Contain entity Legal Business Name (as associated with the DUNS Number)
- Contain entity physical address (as associated with the DUNS Number)
- Contain the new Entity Administrator's name, phone number, address, and email address
- Contain the following statement above the signature block of your letter with the appropriate information inserted where noted:

“The purpose of this notarized letter is to designate [insert name of Entity Administrator] as Entity Administrator for [insert Legal Business Name]. I, [insert Name and Title of signatory], hereby confirm that [insert name of Entity Administrator] is an authorized officer, agent, or representative of [insert entity Legal Business Name, or, for individuals representing themselves, say him/herself]. This letter will authorize [insert name of Entity Administrator] to have access to the System for Award Management (SAM). SAM is a computer system managed by the U.S. Government, and it is only accessible by individuals who are either authorized to represent a particular entity, or by individuals representing themselves. Accessing or using SAM, or information contained therein, for any unauthorized or illegal purposes, may have civil and criminal penalties, and may negatively impact the status of the SAM registration maintained on this entity. I, the below-signed, attest to the accuracy of all information contained in this letter.”

**12 & 13. Estimated total annual public hours and cost burden.**

**Summary**

| Task  | Hours | Performed by  | Hourly Rate | Monthly Frequency | Duration in Months | Total                  |
|---|-------|---|-------------|-------------------|--------------------|------------------------|
| <b>ENTITY COSTS</b>   |       | See letter content below  |             |                   |                    |                        |
| Create letter   | 0.5   | Entity Administrator  | \$24.70     | 57200             | 6                  | \$4,238,520.00         |
| CEO or President signs and notary stamps letter (In-house Notary) | 0.5   | CEO, President or Authorized Signatory - including legal review | \$150.00    | 32200             | 6                  | \$14,490,000.00        |
| CEO or President signs and notary stamps letter (External Notary) | 1     | CEO, President or Authorized Signatory - including legal review | \$100.00    | 25000             | 6                  | \$15,000,000.00        |
| Mail hard copy of Notarized Letter                                | 0.25  | Entity Administrator  | \$24.70     | 57200             | 6                  | \$2,119,260.00         |
| Notary fee  |       | External Notary   | \$5.00      | 25000             | 6                  | \$750,000.00           |
|   |       |   |             |                   |                    |                        |
|   |       |   |             |                   |                    |                        |
| <b>Total Cost to the Public</b>                                   |       |   |             |                   |                    | <b>\$36,597,780.00</b> |

The OMB emergency approval would allow GSA to consider, develop, and apply this approach to new registrants (an average of 7,200 per month) and to existing SAM registrants (an average of 50,000 re-represent per month). The estimate is based on the six-month emergency approval request.

Entities registered and registering in SAM will be provided the template for the requirements of the notarized letter. It is estimated that the Entity Administrator will take on average 0.5 hour to create the letter and 0.25 hour to mail the hard copy letter. GSA proposes that an Entity Administrator equivalent to a GS-5, Step 5 Administrative Support person within the Government would perform these tasks. The estimated hourly rate of \$24.70 (Base + Locality + Fringe) was used for the calculation.

Based on historical data of the ratio of small entities to other than small entities registering in SAM, GSA approximates 32,200 of the 57,200 new and existing entities (re-registrants) will have in-house resources to notarize documents. GSA proposes that the entities with in-house notaries will typically be large businesses where the projected salary of the Chief Executive Officer or President responsible for signing the notarized letter is on average approximately \$150 per hour. The projected time for signature and notarizing the letter internally is 0.5 hour.

The other remaining 25,000 new and existing entities (re-registrants) per month are estimated to be small entities where the projected salary of the Chief Executive Officer or President responsible signing the notarize letter is on average approximately \$100 per hour. These entities will more than likely have to obtain notary services from an outside source. The projected time for signature and notarizing the letter externally is 1 hour. The estimate includes a nominal fee (\$5.00) usually charged by third party notaries.

GSA will continue to review and revise these burden estimates as more information becomes available.

**14. Estimated annual cost to the Government.**

| <b>GOVERNMENT COSTS</b>                             | <b>Hours</b> | <b>Performed by</b> | <b>Hourly Rate</b> | <b>Monthly Frequency</b> | <b>Duration in Months</b> | <b>Total</b>          |   |
|---|--------------|---------------------|--------------------|--------------------------|---------------------------|-----------------------|---|
| Helpdesk Support provided by GSA contractor         |              |                     |                    |                          | 6                         | \$4,850,274.00        | Contractor estimated costs for 6 months         |
| GSA Staff support to handle Tier 3 Helpdesk tickets | 0.25         | GS 12 Step 5        | \$38.20            | 1716                     | 6                         | \$98,326.80           | 3% escalated to Tier 3                          |
| Development Costs for SAM                           |              |                     |                    |                          |                           | \$0.00                | System changes so far are included in contract. |
| <b>TOTAL</b>  |              |                     |                    |                          |                           | <b>\$4,948,600.80</b> |   |

The original, signed letter will be mailed to the Federal Support Desk (FSD) for SAM prior to the registration's activation or re-registration. The FSD for SAM is supported by a contractor that will answer question about the notarized letter process and provide free assistance with

entity registration. Tier 3 helpdesk tickets (the most complex calls) that may require additional support to address challenges faced by registrants will be addressed by a Government employee. It is estimated that 1,716 of the 57,200 entities registered and registering will meet the criteria for Tier 3 support. The cost of \$38.20 per hour is based on GS-12, step 5 salary for the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA metropolitan area.

**15. Explanation for Program Changes or Adjustments.**

This is a new information collection. Although two existing OMB ICRs cover the information collected to register in SAM (OMB No. 9000-0159 and No. 3090-0290), GSA is requesting approval of a new information collection to cover the six months emergency for requiring the notarized letter to validate the Entity Administrator's identity for a new entity registration and for re-registration.

**16. Plans for Tabulation and Publication and Project Time Schedule**

Results will not be tabulated or published.

**17. Reasons the Display of OMB Expiration Date is Inappropriate.**

We are not requesting an exemption.

**18. Explanation of exception to certification statement.**

We are not requesting an exemption to the provision at 5 CFR 1320.9.

**B. Collections of Information Employing Statistical Methods.**

Statistical methods are not used in this information collection.