

Supporting Statement for Information Collection
OMB Control No. 3090-0317
Notarized Document Submittal System
for Award Management Registration

A. Justification.

1. Administrative requirements.

Federal Acquisition Regulation (FAR) Subpart 4.11 prescribes policies and procedures for requiring contractor registration in the System for Award Management (SAM) database to: (1) Increase visibility of vendor sources (including their geographical locations) for specific supplies and services; and (2) establish a common source of vendor data for the Government.

In the past, the GSA Office of Inspector General (OIG) conducted an investigation into fraudulent activities discovered within SAM. Certain 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, bad actors submitted bids in certain U.S. Government procurement systems or shipped deficient or counterfeit goods to the U.S. Government.

GSA established a new Information Collection Request (ICR) to collect additional information to support increased validation of entities registered and registering in the System for Award Management (SAM). This additional information is contained in a notarized letter in which an officer or other signatory authority of the entity formally appoints the Entity Administrator for the entity registering or recertifying in SAM. The original, signed letter is mailed to the Federal Service Desk for SAM prior to the registration's activation or re-registration.

GSA is actively pursuing technical alternatives to the collection of this information for all non-federal entities. GSA seeks to refine the requirement and adopt a risk-based approach. In the interim, the collection of the notarized letter 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 the information in SAM is protected and, is at minimal risk of compromise, GSA would risk losing the confidence of the federal acquisition and assistance communities which it serves. As a result, some entities may prefer not to do business with the Federal Government.

2. Use of Information

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 CAGE validation with the DLA (for updates to existing entity registrations). The use of the notarized letter is an added control to validate the user's role as Entity Administrator to deter fraud.

3. Consideration of information technology.

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.

Therefore, in the interim, GSA decided that the best and least burdensome alternative would be to use a notarized document to validate the identity of the appointed Entity Administrator. 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

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 nor the two OMB clearances anticipated the identified fraudulent behavior.

Consequently, neither currently requires 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:

1. Take no additional user identity verification action;
2. Notify only the known, impacted entities of the fraudulent activity;
3. Request entity confirmation of any recent changes to bank account information in their registration;
4. Require electronic submission of notarized letters for known, impacted entities, new entity registrations, and updates/annual re-certifications of existing registrations; and
5. 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 taken, but being of limited scope, 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. If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.

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. Simple, easy to follow templates have been posted for entity use. The requirement for a notarized letter to validate the identity of the Entity Administrator registering or recertifying the entity 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. Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.

Collection of notarized letter from entities registered and registering enables 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 also 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 of notification, the entity with a change to the bank account information in the past year 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.

A 60-day notice was published in the *Federal Register* at 83 FR 24312 on May 25, 2018. Two comments were received. A 30-day notice was published in the *Federal Register* at 83 FR 45240 on September 6, 2018. One comment was received.

Discussion and Analysis

Comments: One respondent stated that it is already time-consuming and frustrating for our grantees to use the SAM registration process. If the process was simple, it would not be a problem; however, having to submit notarized documents in addition to an already difficult process affects our ability to nimbly respond to programmatic initiatives through small grants to organizations or individuals who we know and want to partner with to achieve our goals. The other respondent stated that the new procedure creates another challenge for our grantees in that mailing the notarized document requires extra effort, but also finding a reliable courier service will be costly and requires a considerable amount of time to complete the registration process.

Response: GSA has taken several actions to address alleged fraudulent activity in the System for Award Management (SAM). The measures GSA has put in place to help prevent improper activity in SAM include masking specific data elements in the entity registration even for authorized entity users; requiring "parent" approval of new registrations for their "child" entities; multi-factor authentication using login.gov and notifying Entity Administrators when there is a change in the

entity's bank account information. Requiring the formal appointment of the Entity Administrator by original, signed notarized letter ensures that the individual(s) reporting for their entity are associated with the entity and provides a validation of the letter submitter's identity by the notary. GSA is actively pursuing technical alternatives to replace and/or supplement the collection of notarized letters.

GSA has taken steps additional 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 with appropriate data access.

11. Additional justification for questions of a sensitive nature.

No sensitive questions are involved. The notarized letter addresses the following:

- Be on company/organization letterhead or contain the entity legal business name and physical address at the top of the letter if the entity does not have letterhead
- Be signed by an entity executive, officer, partner, or other authorized signatory in the presence of a notary
- 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 appointed Entity Administrator's name, phone number, and email address
- Contain a statement designating the Entity Administrator (I, **[Insert Name and**

Title of Signatory], the below signed individual, hereby confirm that the appointed Entity Administrator is an authorized officer, agent, or representative of the Entity. This letter authorizes the appointed Entity Administrator to manage the Entity's registration record, its associated users, and their roles to the Entity, in the System for Award Management (SAM)).

- Contain a statement indicating the entity's account administration preference. This is either "Self-Administration (For the purpose of registering with the United States Government through the online System for Award Management (SAM), I do not authorize any third party to act on behalf of the Entity listed above. I have checked the Self-Administration Confirmation box to indicate that the designated Entity Administrator is not a third-party agent.) or Third-Party Agent Administration (For the purpose of registering with the United States Government through the online System for Award Management (SAM), I do hereby authorize **[insert full name, phone number, address, and email address of the Third-Party Agent]** (Designated Third-Party Agent) to act on behalf of the Entity listed above. This authorization permits the Designated Third-Party Agent to conduct all normal, common business functions within SAM while binding the signatory to all actions conducted and representations made as a result of authorization granted herein. I have checked the Third-Party Agent Designation box and completed the above information to indicate that the designated Entity Administrator is a third-party agent.)

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

Summary

Task	Hours	Performed by	Hourly Rate	Monthly Frequency	Duration in Months	Total
ENTITY COSTS		See letter content below				
Create letter	0.5	Entity Administrator	\$24.70	57200	12	\$8,477,040.00
CEO or President signs and notary stamps letter (In-house Notary)	0.5	CEO, President or Authorized Signatory - including legal review	\$150.00	32200	12	\$28,980,000.00
CEO or President signs and notary stamps letter (External Notary)	1	CEO, President or Authorized Signatory - including legal review	\$100.00	25000	12	\$30,000,000.00
Mail hard copy of Notarized Letter	0.25	Entity Administrator	\$24.70	57200	12	\$4,238,520.00
Notary fee		External Notary	\$5.00	25000	12	\$1,500,000.00
Total Cost to the Public						\$73,195,560.00

The information collection allows GSA to request the notarized letter, 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-reregister per month).

Entities registered and registering in SAM are 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 executive or officer 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 executive or officer responsible signing the notarized 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.

14. Estimated annual cost to the Government.

GOVERNMENT COSTS	Hours	Performed by	Hourly Rate	Monthly Frequency	Duration in Months	Total	
Helpdesk Support provided by GSA contractor					12	\$9,700,548.00	Contractor estimated costs for 6 months
GSA Staff support to handle Tier 3 Helpdesk tickets	0.25	GS 12 Step 5	\$38.20	1716	12	\$196,653.60	3% escalated to Tier 3
Development Costs for SAM						\$0.00	System changes so far are included in contract.
TOTAL						\$9,897,201.60	

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 help desk 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. The cost per response is estimated at \$1,279.62.

15. Explanation for Program Changes or Adjustments.

This is an extension of a currently approved public information collection. The increase in the annual reporting burden is based on a one-year time frame being used as the basis of the collection. The original information collection covered a six-month time period.

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.