

# SUSPENSION AND DEBARMENT

## FIRST DEBARMENT ACTION

*Small OIG's experience*

NATIONAL ENDOWMENT FOR THE ARTS  
OFFICE OF INSPECTOR GENERAL

# NON-PROCUREMENT DEBARMENT RECOMMENDATION BASED ON 2 CFR §180.800:

- Serious violations of the terms of award agreements and Federal regulations, such as—
  - (1) A willful failure to perform in accordance with the terms of agreements and transactions

**BACKGROUND**

- (2) A history of failure to perform and unsatisfactory performance of award agreements or transactions;
  - ❖ Organization suspended by Agency in 2008, reinstated in 2010
  
- (3) A willful violation of a requirement applicable to the award agreement or transaction;
  - ❖ Noncompliance with IRS installment agreement

## BACKGROUND

(4) Failure to pay a single substantial debt, including disallowed costs and overpayments;

❖ Refund due to the Agency

**BACKGROUND**

- First OIG recommendation for government-wide debarment
- No designated Agency debarment official
- Lack of adequate policies and procedures
  - S&D terms ambiguous;
  - Roles not defined;
  - Process not defined.

## CHALLENGES

- No mechanism to inform regranteeing NEA recipients (state, regional and local agencies) of organization ineligibility status.
- Staff and resource limitations
  - ❖ Lack of OIG in-house investigative and legal support
  - ❖ Agency and OIG staff lacked experience with S&D process
  - ❖ Lack of communication between Agency and OIG during process

## CHALLENGES

- Debarment of organization and official for five years
- Strengthen S&D policies
- Notification to NEA regranting organizations (state, regional and local)
- Designation of debarment official and staff roles for process

## RECOMMENDATIONS

- ***Three year government-wide debarment of organization – official not debarred***
- Organization placed on EPLS (SAM)
- Agency and OIG S&D policies strengthened;
- Notification to regranting organizations

## RESULTS

- Designation of debarment official and official roles defined
- Clarification of terms
- Improved communication between Agency and OIG
  - ❖ Immediate notification to OIG regarding high-risk grantees
  - ❖ Communication throughout debarment process

## RESULTS

- Resource requirements
- Consult outside experts
  - ❖ Other OIGs with S&D experience
  - ❖ Recovery Accountability and Transparency Board (RATB) analysis is part of process for S&D

## LESSONS LEARNED

- Collaborate with Agency throughout process
- Appropriate process for each stage
  - ❖ Government-wide suspension (2 CFR §180.700) should be implemented immediately when adequate evidence exists for debarment under 2 CFR §180.800

## LESSONS LEARNED