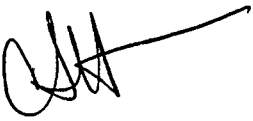


TOWN OF OCEAN VIEW
DELAWARE

February 11, 2025

TO: Honorable Mayor and Council

FROM: Carol S. Houck, Town Manager 

SUBJECT: Recommendation to update the Town Policy Manual – Vendor Debarment Policy

Background

Federal Executive Order (E.O.) 12549 "Debarment and Suspension" requires that all vendors and service providers using federal funds, and all sub-recipients, certify that the organization and its principals are not debarred (prohibited), suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from doing business with the federal government.

An agency, government entity, industry or company knowingly does business with a debarred vendor, risks having its Federal award rescinded and may put future award in jeopardy.

Recommendation

It is therefore recommended that the Mayor and Council authorize the addition of the attached Vendor Debarment Policy to the Town's Policy Manual to provide clear guidance to the Town Manager and staff and facilitate our ability to acknowledge the procedures required to uphold the Federal Executive Order.



Town of Ocean View, DE - Vendor Debarment Policy

Federal Executive Order (E.O.) 12549 "Debarment and Suspension" requires that all vendors and service providers using federal funds, and all sub-recipients, certify that the organization and its principals are not debarred (prohibited), suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from doing business with the federal government. Transactions on these funds must be cleared of Federal Debarment before an award is made. Delegated agents will maintain debarment status documents in their department for items purchased within the scope of their delegation.

No vendor contract is to be awarded or purchase made before debarment status has been reviewed and approved.

An agency, government entity, industry or company who knowingly does business with a debarred vendor, risks having its Federal award rescinded and may put future awards in jeopardy.

DEFINITIONS:

Debarment: Debarment is one of the most serious punishments the federal government can impose on a contractor. A debarred individual or company is listed on the System for Award Management (SAM) website, making it ineligible to receive federal contracts, federally-approved subcontracts, or certain types of federal financial and non-financial assistance and benefits. Debarments last for a set period (usually 1-3 years) after an investigation suggests wrongdoing and often follow suspension. Suspensions are generally imposed for the period it takes to investigate when there is adequate evidence of wrongdoing. Once the investigation is completed, debarment is imposed if there is a preponderance of evidence found.

Debarment Certification: A statement from a vendor or service provider that their company, and its principals, have not been debarred, suspended, proposed for debarment, declared ineligible, are not in the process of being debarred, or are voluntarily excluded from conducting business with a federal department or agency of the federal government. This certification can take the form of a signed letter, or a signature block within a procurement document.

Checking Debarment Status on the Web: The process by which an agent checks the federal website (www.sam.gov) to see if a vendor is on the government list of debarred vendors.

PROCEDURES:

1. The competitive bidding process documents must contain debarment language so vendors and service providers are notified of the debarment requirements and are provided the format by which they can certify their status. At time of bid, suppliers will be required to certify their debarment status as a mandatory element of the bid or proposed response.
2. Purchases where no bidding document were involved require that the agent check the federal debarment website (www.sam.gov) for a favorable debarment status before an order is issued if federal funds are being used.
3. Contracts will include a Debarment Certification with a signature block where the contractor can certify their debarment status.
4. For purchases using federal funds where a certification is already on file for the vendor, the federal debarment website www.sam.gov will be checked to verify the vendor's continued favorable debarment status before an order will be released. When the website is checked, staff must print a copy of the debarment report from the website and include it with the bidding documents, or file it in the vendor file in cases where no bidding documents are present.
5. Vendors known to be debarred will have their vendor status changed to "inactive" and "ineligible" in the master purchasing services vendor file.
6. If the vendor does not provide debarment certification, or if the website is checked and the vendor is debarred, the purchasing agent will place a hold on the award process and immediately verify the accuracy of the website report by gathering information pertaining to the reasons for debarment from the vendor and www.sarl.gov. Once all information has been gathered and verified, the agent must summarize and report the findings to the Director of Purchasing Services and await further award instructions. In any case, awards will not be made for purchases that have federal funding until such time as the supplier is no longer debarred or suspended.
7. If it is determined that the vendor is debarred, the agent will request that administrative support staff make the vendor ineligible and inactivate them in the vendor file. With the approval of the Director, the agent may then award to the next lowest responsible vendor in accordance with established procurement rules.

REASONS FOR DEBARMENT:

Possible reasons a contractor may be debarred include:

- Commission of fraud or criminal offense in obtaining or performing a contract
- Violating antitrust laws related to the submission of offers
- Commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, tax evasion, violating federal criminal tax laws, or receiving stolen property
- Intentionally using a false "Made in America" label

- Any action indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of a government contractor. Such actions include:
 - o Willful failure to perform in accordance with the terms of one or more contracts or a history of such actions
 - o Violations of the Drug-Free Workplace Act of 1988
 - o Committing unfair trade practices
 - o Delinquent federal taxes exceeding \$3,000

The described actions apply to officers, directors, shareholders, partners, employees, or any other individuals associated with a contractor when the conduct occurred in connection with the individual's performance of duties for or on behalf of the contractor, or with the contractor's knowledge, approval or acquiescence. The scope also applies to individuals who knew about the conduct and to the other contractor when the misconduct is undertaken by its partner in a joint venture.

TO CHECK FOR DEBARMENT:

1. Go to www.sam.gov
2. Select "Search Records"
3. Enter specific word search or DUNS/Cage Code, if known
4. Verify and select "Search Returns"
5. View details 6 Print out results and attach to subgrant application or subgrant monthly progress report.

Adopted Date: _____

By: _____