

GAO Highlights

Highlights of [GAO-17-337](#), a report to congressional committees

Why GAO Did This Study

For about 35 years, federal agencies have made awards to small businesses for technology research and development through the SBIR program and, for the last 25 years, through the STTR program. Following a 2009 congressional hearing about fraud in the programs, the SBIR/STTR Reauthorization Act of 2011 included separate requirements for SBA and OIGs to address and prevent fraud, waste, and abuse.

The act also included a provision for GAO to review what the agencies and their OIGs have done to address fraud, waste, and abuse in the programs. This report examines (1) the extent to which SBA and the participating agencies have implemented measures to prevent fraud, waste, and abuse for the SBIR and STTR programs and (2) the extent to which the agencies' OIGs have implemented the act's requirements.

GAO compared documentation from SBA, the 11 participating agencies, and the agencies' OIGs to their respective requirements and interviewed SBA, agency, and OIG officials.

What GAO Recommends

GAO is making six recommendations, including that SBA confirm agency implementation of the fraud, waste, and abuse requirements, and that the Army, Navy, and Air Force OIGs implement the OIG requirements or delegate them to the investigative services. These agencies generally agreed with the recommendations addressed to them.

View [GAO-17-337](#). For more information, contact John Neumann at (202) 512-3841 or neumannj@gao.gov.

April 2017

SMALL BUSINESS RESEARCH PROGRAMS

Additional Actions Needed to Implement Fraud, Waste, and Abuse Prevention Requirements

What GAO Found

The 11 agencies participating in the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs have varied in their implementation of the fraud, waste, and abuse prevention requirements developed by the Small Business Administration (SBA) after the programs were reauthorized in 2011. SBA, which oversees the programs, amended the SBIR and STTR policy directives in 2012, as required by the reauthorization act, to include 10 minimum requirements to help agencies prevent potential fraud, waste, and abuse in the programs. GAO found that the extent to which the agencies have fully implemented each of the requirements in the directives varies. For example, all 11 agencies have fully implemented 2 requirements, more than half of the agencies have fully implemented 6 other requirements, and 1 and 3 agencies, respectively, have fully implemented the remaining 2 requirements. Officials from 9 agencies told GAO they have implemented other activities beyond the minimum requirements included in the directives, such as conducting site visits to small businesses to confirm that the necessary facilities exist for technical research and development work. Although SBA issued the policy directives, it has taken few actions to oversee agencies' efforts to implement the requirements. SBA officials said they checked on the implementation of one of the requirements, but did not know whether the participating agencies were implementing the other requirements because they had not confirmed this information. Without confirming that each participating agency is implementing the fraud, waste, and abuse prevention requirements in the policy directives, SBA does not have reasonable assurance that each agency has a system in place to reduce its' vulnerability to fraud, waste, and abuse.

Similarly, Offices of Inspectors General (OIG) varied in their implementation of the fraud, waste, and abuse prevention requirements specifically assigned to them in the reauthorization act, with between 5 and 11 OIGs implementing each requirement. For example, OIGs at each of the 11 agencies have shared information on fraud, waste, and abuse. Of the 11 participating agencies, the Department of Defense (DOD) is the only one whose oversight and audit responsibilities are separated between its various OIGs and specific investigative services, so that DOD has both an OIG as well as an investigative service as do each of the military services. By law, the OIGs of each military service within DOD—Army, Navy, and Air Force—are each required to implement these requirements. However, GAO found that none of the three military service OIGs had taken actions to implement the requirements, although the DOD OIG had taken some steps to implement them. The division of duties between the military services' OIGs and their respective investigative services makes it difficult to track the implementation of these requirements at DOD. Without the three military services' OIGs implementing the requirements themselves or delegating the implementation of the requirements to the investigative services, the DOD OIGs may not be able to detect fraud, waste, and abuse in DOD's SBIR and STTR programs, which have the largest budgets for these programs.