

# GAO Highlights

Highlights of [GAO-14-525](#), a report to the Chairman, Subcommittee on Financial Services and General Government, Committee on Appropriations, United States Senate

## Why GAO Did This Study

Congress created Advocacy within SBA in 1976 as an independent voice for small businesses. Questions have recently been raised about Advocacy's efforts to represent small businesses in regulatory activities and some of its research on small business issues. In light of these questions, GAO was asked to review Advocacy's activities.

This report examines Advocacy's (1) research, (2) regulatory activities, and (3) workforce planning efforts. GAO analyzed Advocacy's research, comment letters, and other regulatory information for fiscal years 2008-2013; assessed Advocacy's policies and procedures against federal standards for internal control and information quality; and interviewed agency officials, and small business and industry representatives. GAO also analyzed the applicability of the Federal Advisory Committee Act to Advocacy roundtables.

## What GAO Recommends

GAO makes several recommendations to improve the Office of Advocacy's controls over the quality of its research, the documentation of its regulatory activities, and workforce planning. In commenting on a draft of this report, Advocacy agreed with our recommendations and noted some steps it will take to address them.

View [GAO-14-525](#). For more information, contact Cindy Brown Barnes at (202) 512-8678 or [brownbarnesc@gao.gov](mailto:brownbarnesc@gao.gov).

July 2014

## SMALL BUSINESS ADMINISTRATION

### Office of Advocacy Needs to Improve Controls over Research, Regulatory, and Workforce Planning Activities

#### What GAO Found

The Office of Advocacy (Advocacy) within the Small Business Administration (SBA) fulfills its mission by researching small business issues and providing input into federal rulemaking and related regulatory activities. However, GAO identified key areas in Advocacy's system of internal control that could be improved.

- **Research.** GAO found that Advocacy did not ensure that its staff monitored the quality of the information the office disseminated, as required. GAO reviewed 20 selected research products and found that in 16 cases a required quality review had not been documented. Advocacy recently established a review policy for its research, but it does not include procedures for selecting the reviewers or documenting that a review occurred and how reviewer comments are addressed. GAO also found that Advocacy staff had not followed federal information quality guidelines to retain data and could not substantiate the quality of information in two cost-estimation reports—a research product it has contracted for every 5 years. Without better controls over its quality review process and efforts to substantiate the information it disseminates, Advocacy cannot ensure the validity of one of its core activities—research in support of small businesses.
- **Regulatory activities.** Advocacy recently updated procedures for its regulatory activities, but these could be strengthened. GAO found the extent to which individual staff maintained records varied, in part, because the procedures lacked policies for documentation. For instance, the procedures state that when staff decide to intervene in the rulemaking process, they must follow up as appropriate with the interested groups to ensure that Advocacy has sufficient information and data to support its case. However, there is no policy that these interactions be documented. Federal internal control standards state that documentation and records should be maintained. If key procedures are not being documented, managers do not have an institutional record that agency goals and objectives in this area are being met. GAO also found that the Federal Advisory Committee Act's transparency and other requirements do not apply to Advocacy's meetings with stakeholders to get input on regulations (roundtables).
- **Workforce planning.** Advocacy's workforce efforts include training and mentoring for new staff, but do not include succession planning, which is recommended by the Office of Personnel Management. According to federal internal control standards, effective management of a workforce is essential to achieving program results. Officials told GAO that Advocacy was a small office and that additional staff were hired on an as-needed basis. However, some key staff have been with Advocacy for many years and their experience will be difficult to replace. If Advocacy does not incorporate succession planning strategies into its workforce planning efforts, it is at risk of not having the skills and expertise to meet its mission when key staff leave or retire.