

GAO Highlights

Highlights of [GAO-17-675](#), a report to the Committee on Small Business, House of Representatives

Why GAO Did This Study

Section 15(k) of the Small Business Act requires federal agencies with procurement powers to establish an OSDBU to advocate for small businesses. The National Defense Authorization Act for Fiscal Year 2013 established additional requirements for OSDBUs and required SBPAC to review OSDBU compliance with section 15(k) requirements.

GAO was asked to review compliance with selected requirements of section 15(k). GAO examined (1) the extent to which selected federal agencies demonstrated compliance with 13 requirements for OSDBUs and (2) SBPAC review process results. GAO selected a sample of 10 agencies, based on contracting obligations, to review a reporting requirement for OSDBU directors. For the other 12 requirements, GAO surveyed OSDBU directors at 24 agencies, selected based on contracting obligations (100 percent response rate). To review and augment survey responses, GAO also analyzed guidance and documents and interviewed OSDBU directors.

What GAO Recommends

GAO makes 20 recommendations, including that agencies not demonstrating compliance with section 15(k) requirements comply or report to Congress on why they have not, and that SBA should provide more detailed guidance for the new SBPAC review process than exists for the current process. Agency responses to the recommendations varied. As discussed in the report, GAO maintains that implementation of its recommendations is warranted.

View [GAO-17-675](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

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SMALL BUSINESS CONTRACTING

Actions Needed to Demonstrate and Better Review Compliance with Select Requirements for Small Business Advocates

What GAO Found

Demonstrated compliance with selected section 15(k) requirements for the Office of Small and Disadvantaged Business Utilization (OSDBU) varied across the 24 agencies GAO surveyed. Five agencies demonstrated compliance with all the requirements, four agencies demonstrated compliance with all but one requirement, and 15 agencies did not demonstrate compliance with two or more requirements. Examples of GAO findings include the following:

- Four OSDBU directors did not report directly to the agency head or deputy (the one requirement for which GAO reviewed only 10 agencies).
- Five agencies did not demonstrate compliance with a requirement for collateral duties of OSDBU directors.
- Six agencies did not demonstrate compliance with a requirement for compensation and seniority of OSDBU directors.
- Twenty-three agencies demonstrated compliance for four requirements on OSDBU director experience, supervisory duties of the OSDBU director, identifying and addressing significant bundling of contracts (consolidation of two or more procurement requirements into a solicitation for a single contract), and providing assistance on payments.
- Fifteen agencies demonstrated compliance with a requirement to respond to notifications that solicitations unduly restricted the ability of small businesses to compete for contracts.

Noncompliance with section 15(k) requirements may limit the extent to which an OSDBU can advocate for small businesses. For example, OSDBU influence in agencies might be limited if directors reported to lower levels of management. Directors with other duties might be less able to carry out all section 15(k) duties.

Results of the Small Business Procurement Advisory Council's (SBPAC) annual review of compliance with section 15(k) requirements differed from GAO's assessments. The Small Business Administration (SBA) chairs SBPAC, and its members are nearly all OSDBU directors. All agencies in the most recent review scored 94–98 percent. But where GAO's review considered the same section 15(k) requirements as the SBPAC review, GAO found some agencies had not demonstrated compliance with multiple requirements. Other than reviewing documentation agencies choose to provide, SBA's guidance for the review panel does not indicate any other means by which reviewers could obtain or clarify information. GAO's review included follow-up discussions with agency officials to obtain or clarify information. SBA has been developing a new review process, but preliminary information GAO reviewed indicates the process will be similar to the current one. According to federal standards for internal control, management should use quality information to make informed decisions. Under the new process, the review results (which SBA uses in another process that determines an agency's overall grade for small business contracting) also will carry twice as much weight as under the current process—underscoring the importance of the review results. A new review process substantially similar to the old one (especially in relation to guidance) may not provide a reliable indicator of OSDBU compliance with section 15(k) requirements.