

GAO Highlights

Highlights of [GAO-19-168](#), a report to congressional requesters

Why GAO Did This Study

In 2000, Congress authorized the WOSB program, allowing contracting officers to set aside procurements to women-owned small businesses in industries in which they are substantially underrepresented. To be eligible to participate in the WOSB program, firms have the option to self-certify or be certified by a third-party certifier. However, the 2015 NDAA changed the WOSB program by (1) authorizing SBA to implement sole-source authority, (2) eliminating the option for firms to self-certify as being eligible for the program and (3) allowing SBA to implement a new certification process.

GAO was asked to review the WOSB program. This report discusses (1) the extent to which SBA has addressed the 2015 NDAA changes, (2) SBA's efforts to address previously identified deficiencies, and (3) use of the WOSB program. GAO reviewed relevant laws, regulations, and program documents; analyzed federal contracting data from April 2011 through June 2018; and interviewed SBA officials, officials from contracting agencies selected to obtain a range of experience with the WOSB program, and three of the four private third-party certifiers.

What GAO Recommends

GAO recommends that SBA develop a process for periodically reviewing the extent to which WOSB program set-asides are awarded for ineligible goods or services and use the results to address identified issues, such as through targeted outreach or training on the WOSB program. SBA agreed with the recommendation.

View [GAO-19-168](#). For more information, contact William Shear at (202) 512-8678 or ShearW@gao.gov.

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WOMEN-OWNED SMALL BUSINESS PROGRAM

Actions Needed to Address Ongoing Oversight Issues

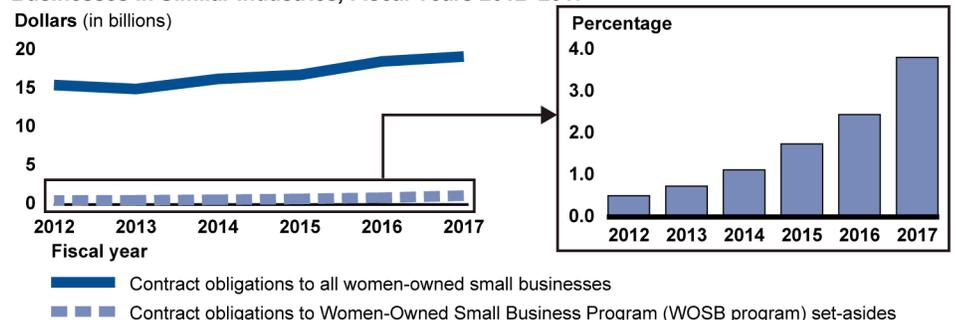
What GAO Found

The Small Business Administration (SBA) has implemented one of the three changes to the Women-Owned Small Business (WOSB) program authorized in the National Defense Authorization Act of 2015 (2015 NDAA). Specifically, in September 2015 SBA published a final rule to implement sole-source authority, effective October 2015. As of February 2019, SBA had not eliminated the option for program participants to self-certify that they are eligible to participate, as required by 2015 NDAA. SBA officials stated that this requirement would be addressed as part of the new certification process for the WOSB program, which they expect to implement by January 1, 2020.

SBA has not addressed WOSB program oversight deficiencies identified in GAO's 2014 review (GAO-15-54). For example, GAO previously recommended that SBA establish procedures to assess the performance of four third-party certifiers—private entities approved by SBA to certify the eligibility of WOSB firms. While SBA conducted a compliance review of the certifiers in 2016, it has no plans to regularly monitor them. By not improving its oversight of the WOSB program, SBA is limiting its ability to ensure third-party certifiers are following program requirements. In addition, the implementation of sole-source authority in light of these continued oversight deficiencies can increase program risk. Consequently, GAO maintains that its prior recommendations should be addressed. In addition, similar to previous findings from SBA's Office of Inspector General, GAO found that about 3.5 percent of contracts using a WOSB set-aside were awarded for ineligible goods or services from April 2011 through June 2018. SBA does not review contracting data that could identify this problem and inform SBA which agencies making awards may need targeted outreach or training. As a result, SBA cannot provide reasonable assurance that WOSB program requirements are being met and that the program is meeting its goals.

While federal contract obligations to all women-owned small businesses and WOSB program set-asides have increased since fiscal year 2012, WOSB program set-asides remain a small percentage (see figure).

Obligations for the Women-Owned Small Business Program and to All Women-Owned Small Businesses in Similar Industries, Fiscal Years 2012–2017



Source: GAO analysis of Federal Procurement Data System-Next Generation (FPDS-NG) data. | GAO-19-168

Note: Obligations to women-owned small businesses represent contract obligations to women-owned small businesses under WOSB-program-eligible North American Industry Classification System codes. FPDS-NG obligation amounts have been adjusted for inflation.