



June 2020

SMALL BUSINESS CONTRACTING

Better Documentation
and Reporting
Needed on
Procurement Center
Representatives

Why GAO Did This Study

The Small Business Act establishes tools to enhance procurement opportunities for small businesses, such as set-asides and requirements that large contractors set goals for using small business subcontractors. SBA's PCR's advocate for the inclusion of small businesses during the procurement process.

GAO was asked to examine how PCR's help small businesses gain access to federal contracting and subcontracting opportunities. This report addresses, among other objectives, (1) documentation SBA maintains on the activities of PCR's and (2) how SBA assigns PCR's to cover buying activities and its requirement to report to Congress on these assignments. GAO reviewed SBA policies and procedures, data on PCR assignments, and selected data reported by PCR's and related documentation. GAO also interviewed agency officials.

What GAO Recommends

GAO recommends that SBA (1) develop a central repository for PCR's to store the supporting documentation for the data they report on their activities and (2) ensure that it submits required reports to Congress on PCR's' assignments and activities. SBA concurred with both recommendations.

SMALL BUSINESS CONTRACTING

Better Documentation and Reporting Needed on Procurement Center Representatives

What GAO Found

The Small Business Administration (SBA) does not maintain complete documentation to support data on the activities of procurement center representatives (PCR), which is information used to oversee PCR's and assess their performance. PCR's are responsible for helping small businesses gain access to federal contracting and subcontracting opportunities—for example, by making set-aside recommendations to federal agency contracting officers. SBA area offices generate a monthly report that summarizes data on PCR's' activities and accomplishments, and SBA procedures require PCR's to maintain these reports and the supporting documentation. GAO found that they do not consistently do either. According to SBA officials, in some cases the supporting documentation, which PCR's store on their individual computers or in their offices, either was destroyed or was not maintained after PCR's left their positions. Officials told GAO that SBA recently implemented a new database and established a policy requiring the monthly reports to be maintained in the database. However, SBA has not established a centralized means of maintaining the supporting documentation. A central repository for PCR's to store their supporting documentation would provide greater assurance that the documentation is maintained as required and help SBA verify the accuracy of the data PCR's report on their activities.

SBA assigns PCR's to buying activities, divisions in federal agencies that purchase goods and services based on geographic coverage and other factors. Specifically, PCR's are assigned

- within one of six regional areas to ensure geographic coverage,
- at specific federal agencies, and
- at buying activities that have significant opportunities for small business contracting.

However, SBA has not submitted required reports to Congress on its rationale for assigning PCR's to cover buying activities. The Small Business Act, as amended, requires that SBA submit a report (1) identifying each area for which SBA has assigned a PCR, (2) explaining why SBA selected the areas for assignment, and (3) describing the activities performed by PCR's. SBA was required to submit the first report to Congress by December 26, 2010, and subsequent reports every 3 years thereafter. SBA officials told GAO they were not aware of the reporting requirement. As a result, Congress lacks the information these reports were intended to provide, information that could be useful for its oversight of PCR's.

Contents

Letter		1
	Background	3
	SBA Does Not Maintain Complete Documentation to Support PCR Activities, as Required	5
	The Number of PCRs Has Declined Slightly Since 2010, and SBA Has Not Complied with a Mandated Reporting Requirement	7
	PCRs Cited Some Challenges in Carrying Out Their Activities and Had Mixed Views on the Support SBA Provides	12
	Conclusions	15
	Recommendations for Executive Action	15
	Agency Comments	16
Appendix I	Objectives, Scope, and Methodology	17
Appendix II	Summary of PCR Discussion Groups	20
Appendix III	Comments from the U.S. Small Business Administration	24
Appendix IV	GAO Contact and Staff Acknowledgments	26
Tables		
	Table 1: Examples of Key Activities Procurement Center Representatives Record in the Government Contracting Activity Report	5
	Table 2: Number of Procurement Center Representatives (PCR) Assigned to Small Business Administration Areas, September 2018	11
Figures		
	Figure 1: Number of Procurement Center Representatives, Fiscal Years 2010–2019	8
	Figure 2: Summary of PCR and Supervisor Discussion Groups	21

Abbreviations

FAC-C	Federal Acquisition Certification in Contracting
GCAR	Government Contracting Activity Report
OPM	Office of Personnel Management
PCR	procurement center representative
SBA	Small Business Administration

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June 30, 2020

The Honorable Nydia Velázquez
Chairwoman
Committee on Small Business
House of Representatives

The Honorable Steve Chabot
Ranking Member
Committee on Small Business
House of Representatives

The Honorable Alma Adams
House of Representatives

The federal government obligates hundreds of billions of dollars annually in contracts for goods and services, obligating more than \$580 billion in fiscal year 2019. The Small Business Act establishes tools to help maximize federal contracting opportunities for small businesses—including set-asides and requirements that large contractors set goals for using small business subcontractors. The Small Business Administration’s (SBA) procurement center representatives (PCR) play an important role in helping small businesses gain access to federal contracting and subcontracting opportunities. PCRs’ key responsibilities include reviewing proposed agency contracts, making set-aside recommendations to agency contracting officers, reviewing agency small business programs, and counseling small businesses. PCRs also provide advice and recommendations to contracting officers on large prime contractors’ proposed subcontracting plans.¹

You requested that we review how PCRs help small businesses gain access to federal contracting and subcontracting opportunities. This report addresses (1) the documentation SBA maintains on PCR activities; (2) PCR staffing levels and assignments and the extent to which SBA has met its requirement to report to Congress on PCR staffing; and (3)

¹Large prime contractors must generally submit subcontracting plans that contain explicit goals for subcontracting to small businesses for contracts exceeding \$700,000, or \$1.5 million for construction projects, and that have subcontracting possibilities. 48 C.F.R. § 19.702(a).

challenges PCRs face in carrying out their activities and their views on the information, training, and supervisory support they receive from SBA.

To address our first objective, we reviewed data on PCR activities as reported in SBA's monthly Government Contracting Activity Reports (GCAR), which are generated by the agency's area offices, from fiscal years 2009 through 2018—the most recent data at the time of our review. We sought to obtain the supporting documentation for selected PCR activities reported by three of SBA's six area offices for the first quarter of fiscal year 2018 and interviewed agency officials knowledgeable about the data and documentation.² We selected the three area offices based on a combination of factors, including the number of PCRs assigned to each office, the number of buying activities (federal units that purchase goods and services) covered by each office, and geographic dispersion. We identified documentation issues that we discuss later in this report.

In addition, we reviewed SBA's Prime Contracts Program standard operating procedure, which details the roles and responsibilities of PCRs and staff who supervise them and the requirements for maintaining documentation to support the GCAR data. We compared SBA's procedures for maintaining the GCAR data and the supporting documentation with relevant federal internal control standards and the documentation maintained by the three area offices noted above.³ We also reviewed a nongeneralizable sample of 23 PCR performance evaluations for 2018 to determine how SBA used GCAR data to evaluate PCR performance. We selected the sample to include evaluations from each of the six area offices.

To address our second objective, we analyzed data SBA provided on the number of PCRs it employed from fiscal years 2010 through 2019. To assess the reliability of these data, we corroborated them with other SBA information and found them to be sufficiently reliable for the purpose of identifying PCR staffing levels over the past decade. In addition, we reviewed SBA data on PCR assignments to buying activities as of September 30, 2018, and we discussed with SBA officials the rationale for these assignments. We also discussed with SBA officials the statutory

²The selected activities were the number of procurement reviews, the number of small business sources added to or notified of solicitations, the number and dollar value of PCR-influenced actions, the number of small businesses counseled, and the number and dollar amount of Form 70s issued to initiate small business set-asides.

³GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

requirement that SBA report to Congress on its rationale for PCR assignments, and we requested the most recent report.

To address our third objective, we reviewed SBA's standard operating procedures for PCRs and a December 2010 study by a consultant on opportunities to improve PCRs' effectiveness. We interviewed SBA officials and obtained information about PCR training requirements. We also conducted seven discussion groups with PCRs (42 PCRs in total) and two discussion groups with PCRs' supervisors (ten supervisors in total).⁴ These discussion groups were intended to generate in-depth information about participants' views on specific topics. The opinions expressed by the participants represent their points of view and may not represent the views of all PCRs and supervisors. Finally, we interviewed contracting staff from the five federal agencies with the highest dollar value of small business contracting awards for fiscal year 2017 (Departments of Defense, Health and Human Services, Homeland Security, Veterans Affairs, and the General Services Administration) and officials at organizations that promote small business contracting.⁵ Appendix I describes our scope and methodology in greater detail.

We conducted our work from June 2018 through June 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

SBA employs PCRs to identify and facilitate small business contracting opportunities among federal agencies.⁶ PCRs help to implement SBA's Prime Contracts Program, which is intended to increase contracting opportunities for small businesses and help ensure that small businesses receive a fair and equitable opportunity to participate in federal contracts.

⁴Deputy Area Directors serving as supervisory PCRs are also designated as PCRs.

⁵At the time of our review, the most recent data on small business contracting obligations were from fiscal year 2017.

⁶Section 15(m) of the Small Business Act, as amended, directs that PCRs "shall increase, insofar as possible, the number and dollar value of procurements" for small business programs. 15 U.S.C. § 644(m).

According to the Federal Acquisition Regulation, SBA may assign one or more PCR's to any contracting activity or contract administration office to carry out SBA policies and programs.⁷ According to SBA, PCR's cover more than 3,400 buying activities at federal agencies and departments around the country.⁸ PCR's may be colocated at a buying activity or located at SBA offices. PCR's' duties include the following:

- reviewing proposed acquisitions to recommend small business set-asides and new small business sources;
- recommending procurement strategies to federal agencies to enhance small business participation in large or bundled contracts;
- disputing a procurement through informal or formal means with the agency's procurement officials in instances in which an agency does not establish a small business set-aside contract when the PCR believes small business opportunities exist;
- conducting surveillance reviews, which monitor small business contracting at federal agencies;
- coordinating with assigned buying activities to establish a written plan that details contracting plans, procedures, and PCR involvement and needs;
- reviewing subcontracting plans; and
- sponsoring and participating in events and training designed to increase small business participation and expand knowledge of the contracting process.

In conducting their work, PCR's work closely with agencies to help identify small business opportunities, particularly with staff from the agencies' Offices of Small and Disadvantaged Business Utilization. PCR's are required to enter details on their activities into the spreadsheet-based monthly GCAR. In addition, SBA procedures require PCR's to retain documentation that supports these data.⁹ The GCAR serves as the primary data source for recording PCR's' activities and accomplishments.

⁷The Federal Acquisition Regulation is the primary regulation for use by all executive agencies in their acquisition of supplies and services with appropriated funds.

⁸Buying activities are divisions within federal agencies and departments that purchase goods and services.

⁹SBA requirements for PCR's are detailed in its standard operating procedures (SOP 60 02 8) for the Prime Contracts Program, which became effective October 27, 2013.

Table 1 lists examples of key activities PCRs are required to record in the GCAR.

Table 1: Examples of Key Activities Procurement Center Representatives Record in the Government Contracting Activity Report

Activity	Description
Procurement packages reviewed	Number of procurement packages submitted by federal agency contracting offices that a procurement center representative (PCR) reviews
Small business sources added	Number of small businesses that a PCR (1) recommends to agency contracting officials or (2) notifies of procurement opportunities
Number of PCR-influenced actions	Number of set-asides a PCR influences, through discussions or emails with agency personnel, that resulted in the use or increased use of a Small Business Administration (SBA) small business program
Dollar amount of PCR-influenced actions	Initial contract value of PCR-influenced actions
Number of formal Form 70 requests	Number of formal set-aside requests a PCR issues to an agency contracting officer (after less formal attempts to influence the small business acquisition strategy on a proposed procurement have not succeeded)
Dollar amount of formal Form 70 requests	Initial contract value of formal Form 70 requests
Number of subcontracting plans reviewed	Number of subcontracting plans a PCR reviews
Number of surveillance reviews	Number of surveillance reviews a PCR participates in during the month
Total small businesses counseled	Number of all small businesses a PCR counsels on a one-to-one basis, in person or via telephone, mail, or electronic means
Total outreach/training presentations	Number of outreach or training events a PCR conducts during the month

Source: GAO analysis of SBA data. | GAO-20-462

SBA Does Not Maintain Complete Documentation to Support PCR Activities, as Required

We found that SBA does not have complete documentation to support the data reported in the GCAR on PCR activities. SBA uses these data to oversee PCRs' activities and assess their performance.¹⁰ SBA standard operating procedures require that PCRs maintain GCARs and the supporting documentation for 3 years and then transfer the files to the appropriate federal records center. This requirement is consistent with federal internal control standards related to documentation, which identify documentation as a necessary part of an effective internal control system

¹⁰We reviewed a sample of 23 performance evaluations SBA completed for PCRs for fiscal year 2018 and found that each cited GCAR data as part of the evaluation. PCRs' performance appraisals generally are based on three areas: facilitating prime contracting and subcontracting opportunities for small businesses, written materials, and customer satisfaction.

and underscore the importance of documentation and records being properly managed and maintained.¹¹

We sought to obtain supporting documentation for GCAR data reported by three SBA area offices in the first quarter of fiscal year 2018 and found the following:

- **Number of procurement reviews.** The GCAR data showed that PCRs in two areas conducted 2,429 procurement reviews in the first quarter of fiscal year 2018. However, SBA only provided documentation to support 1,524 of these reviews.
- **Number of small business sources added to or notified of solicitations.** The GCAR data showed 1,002 instances in which PCRs in two areas added small business sources to solicitations or notified small businesses of solicitations in the first quarter of fiscal year 2018. However, SBA only provided documentation to support seven small business sources added during this period.
- **Number of actions influenced by PCRs.** The GCAR data showed that PCRs in two areas completed 48 actions to influence small business set-aside decisions in the first quarter of fiscal year 2018. However, SBA only provided documentation to support 18 actions completed during this period.
- **Dollar value of PCR-influenced actions.** The GCAR data showed that PCRs in two areas influenced more than \$1.2 billion in small business set-aside decisions in the first quarter of fiscal year 2018. However, SBA only provided documentation to support \$258 million in small business set-asides influenced during this period.
- **Small businesses counseled.** The GCAR data showed that PCRs in two areas counseled 903 small businesses in the first quarter of fiscal year 2018. However, SBA only provided documentation to support 72 small businesses counseled during this period.

In addition, SBA was not able to locate any documentation to support the data reported by one area office, which SBA officials attributed to logs, spreadsheets, and documentation from that area having been destroyed or not having been completed.

According to SBA officials, PCRs should maintain the supporting documentation for the GCARs on their computers or in paper format in their offices. However, officials said that SBA could not provide all of the

¹¹[GAO-14-704G](#).

supporting documents for the GCAR data we reviewed because they were destroyed or were not maintained after PCRs left their positions, such as through retirement. Officials acknowledged that missing documentation was caused in part by SBA's lack of a central repository for PCRs to store the supporting documentation. Implementing a central repository would help ensure that the documentation is maintained, as required. More complete documentation would better enable SBA to verify that the data PCRs report on their activities are accurate.

We also found that SBA did not consistently maintain GCARs over time, as required. Specifically, we requested the GCARs for fiscal years 2009–2018 for all six of SBA's areas, and SBA was unable to provide these reports for all its area offices for 8 of these 10 fiscal years. SBA recently took steps to address this documentation issue. Specifically, SBA officials stated that in October 2019, the Office of Government Contracting implemented a new database and established a policy requiring Area Directors to save the monthly GCARs in the database.¹² We plan to monitor SBA's implementation of this policy.

The Number of PCRs Has Declined Slightly Since 2010, and SBA Has Not Complied with a Mandated Reporting Requirement

The Number of PCRs Declined Slightly from Fiscal Years 2010 to 2019

As figure 1 shows, the number of PCRs SBA employed declined slightly from fiscal years 2010 to 2019, and ranged from 45 to 62 during that period.

¹²The new database incorporates new data field definitions and additional checks and verifications by area office management. SBA officials told us that the new data field definitions are intended to ensure that PCRs fully understand their purpose and how to populate the fields, which is intended to ensure the integrity of archived data and eliminate missing GCAR data in the future.

Figure 1: Number of Procurement Center Representatives, Fiscal Years 2010–2019

Fiscal year	Number of employed procurement center representatives (PCR)
2010	58
2011	62
2012	58
2013	56
2014	50
2015	50
2016	54
2017	45
2018	49
2019	53

Source: GAO analysis of Small Business Administration data. | GAO-20-462

Note: These numbers represent the number of PCRs that the Small Business Administration employed as of September 30 of each fiscal year and not the number of authorized PCR positions.

SBA officials stated that the number of PCRs employed over time has been affected primarily by early retirement incentives and other retirements.

- **Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments.** In fiscal years 2012 and 2014, as part of an overall reorganization, SBA requested and obtained authority for these programs from the Office of Personnel Management (OPM).¹³ According to SBA officials, some PCRs left the agency under these programs.
- **Other retirements.** PCRs also left the agency through retirements from fiscal years 2015 through 2019, according to SBA officials, and about 29 percent were eligible to retire in fiscal year 2019. Furthermore, SBA officials told us that about 44 and 48 percent of

¹³According to OPM, agencies may use Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments to decrease the workforce when undergoing substantial organizational change, such as restructuring or downsizing. Both reorganizational tools require approval from OPM. Agencies can use Voluntary Early Retirement Authority to temporarily lower the age and years-of-service requirements for retirement to increase the number of employees who are eligible for retirement from the federal government. Similarly, with OPM approval, agencies can grant lump-sum payments of up to \$25,000 as an incentive to voluntarily leave the federal government.

PCRs are expected to be eligible to retire in fiscal years 2021 and 2023, respectively.

As of January 2020, SBA employed 54 PCRs. SBA officials stated that the agency had three PCR vacancies as of March 2020.

PCRs in four of the seven nonsupervisory discussion groups we conducted stated that their workload was high. Some PCRs said it was a challenge to keep up with the workload at the multiple buying activities to which they were assigned. One PCR stated that PCRs often work outside of normal business hours to keep up with their workload. SBA officials stated that the pace of the workload picks up for PCRs in the fourth quarter of the fiscal year when buying activities are awarding end-of-fiscal-year procurements and that SBA provides compensation to employees who work additional hours past their normal schedule.

In addition, supervisors in both supervisory discussion groups we conducted stated that their PCRs are stretched thin. Supervisors in one discussion group stated that PCRs can find it difficult to take time off from work because they are so busy. Supervisors in the other discussion group stated that it was a challenge to provide sufficient PCR coverage to all the buying activities within their geographic areas. As a result, these supervisors said they focus on the top 300 buying activities in their areas. Supervisors in both discussion groups stated that additional PCRs were needed and would enable SBA to help facilitate more small business contracting at the buying activities. SBA officials also said the agency cannot provide coverage to the more than 3,000 buying activities; thus, they focus on the activities that have the largest spending on small business contracting and the most small business opportunities. According to SBA officials, they provide training on small business programs to buying activities that do not have frequent PCR coverage.

SBA government contracting officials told us that the agency needed at least 25 more PCRs to provide adequate staffing, but did not provide specific support or analysis to substantiate this need. Officials said they often receive requests for more PCRs during their monthly Small Business Procurement Advisory Council meetings. At these meetings, SBA officials obtain input from the directors of Offices of Small and Disadvantaged Business Utilization at 24 federal agencies on how SBA can be more helpful and supportive.

In 2010, SBA contracted with a consulting firm for a study to assess the PCR program and identify opportunities to help buying activities exceed

the federal small business participation goal.¹⁴ SBA took this action in response to a recommendation we made in November 2008 for SBA to assess resources allocated for PCR functions and develop a plan to better ensure that PCRs can carry out their responsibilities.¹⁵ Among other things, the consulting firm stated in its December 2010 report that (1) PCRs could influence additional small business spending by targeting buying activities with the highest small business opportunities, (2) coverage gaps existed in SBA's current assignment of PCRs to cover buying activities, and (3) the number of PCRs that SBA should target was 65. SBA officials told us that the biggest take-away from the study was to focus on buying activities with the most small business opportunities.

SBA Assigns PCRs Based on Geography and Other Factors but Has Not Reported Its Rationale to Congress as Required

SBA officials told us that they assign PCRs to provide nationwide geographic coverage and to focus on buying activities with the best opportunity for small business contracting. However, SBA has not complied with a legal requirement that, among other things, it periodically report to Congress on its rationale for PCR assignments.

PCR Assignments

SBA assigns each of its PCRs to one of SBA's six geographic areas to provide coverage across the country, according to SBA officials (see table 2). SBA had assigned between five and nine PCRs to each of its six areas as of September 2018. SBA officials told us that any new PCR hires would be assigned to area 2, which has the largest number of buying activities. SBA officials also stated that, as of March 2020, the most recent PCR hire was in area 2 in January 2020.

¹⁴Censeo Consulting Group, *SBA PCR Program Analysis: Final Report and Recommendations* (Washington, D.C.: Dec. 17, 2010).

¹⁵GAO, *Small Business Administration: Agency Should Assess Resources Devoted to Contracting and Improve Several Processes in the 8(a) Program*, [GAO-09-16](#) (Washington, D.C.: Nov. 21, 2008). We determined that SBA took actions that implemented the recommendations made in this report.

Table 2: Number of Procurement Center Representatives (PCR) Assigned to Small Business Administration Areas, September 2018

Area	States	Number of buying activities in area	Number of PCRs assigned to area
1	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Vermont, Rhode Island, Commonwealth of Puerto Rico, U.S. Virgin Islands	187	5
2	District of Columbia, Delaware, Maryland, Pennsylvania, Virginia, West Virginia	1,518	8
3	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee	397	9
4	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, Wisconsin	367	9
5	Arkansas, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming	479	8
6	Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Washington, Guam, and Northern Mariana Islands	467	9

Source: GAO analysis of Small Business Administration data. | GAO-20-462

Within a given area, PCRs generally are assigned to cover buying activities at specific federal agencies, according to SBA officials. In particular, the officials said SBA seeks to assign PCRs to buying activities that have the greatest opportunities for small business contracting.

Mandatory Reporting Requirement

The Small Business Act, as amended, includes a requirement that the SBA Administrator periodically submit a report to Congress that (1) identifies each area for which SBA has assigned a PCR or a commercial market representative, (2) explains why SBA selected the areas for assignment, and (3) describes the activities performed by PCRs and commercial market representatives.¹⁶ SBA was required to submit the first report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives by December 26, 2010, and to submit subsequent reports every 3 years thereafter.

¹⁶This reporting requirement was added to the Small Business Act in 2010. Small Business Jobs Act of 2010, Pub. L. No. 111-240, § 1312(a), 124 Stat. 2504, 2537 (codified at 15 U.S.C. § 644(q)(3)). Commercial market representatives work to ensure that small businesses receive a fair and equitable opportunity to participate as subcontractors to federal prime contracts. Among other things, commercial market representatives' duties include conducting formal compliance reviews of prime contractors and reviewing their subcontracting plans.

As of March 2020, SBA had not submitted any of these reports. SBA officials told us they were not aware of this reporting requirement. Because it has not submitted these reports to Congress, SBA has not complied with the applicable provision of the Small Business Act. As a result, Congress lacks the information these reports were intended to provide, which could be useful for its oversight of PCR and SBA's Prime Contracts Program.

PCRs Cited Some Challenges in Carrying Out Their Activities and Had Mixed Views on the Support SBA Provides

Challenges PCRs Face

PCRs and other SBA officials with whom we met identified several challenges that PCRs face.

- **Lack of travel funding.** SBA's standard operating procedures for the Prime Contracts Program require PCRs to meet with staff at assigned buying activities at least annually. However, PCRs in all seven nonsupervisory discussion groups we conducted said they have trouble meeting with their assigned activities due to limited travel funding. In addition, PCRs in two nonsupervisory discussion groups said they face difficulties participating in acquisition strategy meetings with their assigned buying activities that are far away, and PCRs in one discussion group said they lacked travel funding to conduct agency training. Supervisors in the two supervisory discussion groups said that limited travel funding hinders PCRs and supervisors from building relationships with their assigned buying activities by limiting face-to-face interaction. Supervisors in one group said that a lack of travel funding is the main impediment to maintaining PCRs' effectiveness, and supervisors in the other group said funding is insufficient for PCRs to reach all of their buying activities in 1 year. SBA officials with whom we spoke said that PCRs in the Midwest and larger states are at a disadvantage because of the distance from their office to certain buying activities; however, the officials stated this issue can be mitigated through the use of conference calls, electronic

reviews of requirements, and electronic contracting systems at buying activities.

- **Difficulties accessing agency contracting systems.** PCRs work with multiple agencies and divisions within agencies, many of which use different systems to manage their procurement activities. Participants in all nine discussion groups we conducted stated that PCRs had issues with accessing and using these systems, including systems not being compatible with SBA systems.
- **Contracting initiatives that result in fewer contracts.** According to PCRs, initiatives such as category management and the use of large contracting vehicles have decreased the numbers of total contract awards and small businesses that receive them.¹⁷ SBA officials stated that buying activities have been submitting fewer proposed procurements to PCRs for review because the overall trends in federal contracting are toward fewer contracts and bigger contracts. However, SBA officials noted this trend has not decreased PCR workload because consolidated contracts are more complex and take longer to review than smaller, individual ones.

PCRs' Views on Information, Training, and Supervisory Support

Information and guidance. PCRs expressed mixed views regarding the information available to them to carry out their responsibilities, including the Small Business Act, Federal Acquisition Regulation, and SBA's Prime Contracts Program standard operating procedures. For example, PCRs in five of the seven nonsupervisory discussion groups we conducted stated that the standard operating procedures provide information on PCR duties and responsibilities. However, one PCR in a discussion group stated that this information was outdated, and PCRs in another discussion group stated that these procedures only provided general information. At the time of our discussion groups, the standard operating procedures were effective as of October 2013. In March 2020, SBA officials provided us with a revised Prime Contracts Program standard

¹⁷Category management aims to streamline and manage entire categories of spending across the government. This approach includes strategic sourcing and strategies such as developing common standards for practices and contracts and improving data analysis and information sharing. Another contracting vehicle, the Federal Supply Schedules program, which is managed by the General Services Administration, provides federal agencies with a simplified method of purchasing commercial products and services at prices associated with volume buying. A schedule is a set of contracts awarded to multiple vendors that provide similar products and services.

operating procedures document, which the officials stated has been in use since October 2019.¹⁸

Training. PCRs, agencies' contracting staff, and other SBA officials generally agree that the training PCRs receive benefits them. PCRs receive training primarily through fulfilling requirements to acquire and maintain the Level III Federal Acquisition Certification in Contracting (FAC-C). The Small Business Act requires PCRs to have the Level III FAC-C or Department of Defense equivalent certification.¹⁹ According to SBA, as of June 2019, each of its 53 PCRs had obtained the Level III certification.

PCRs, agency contracting staff, and other SBA officials also generally agree that having the Level III FAC-C benefits PCRs. For example, PCRs in four of our seven nonsupervisory discussion groups and both of the supervisory discussion groups said having Level III certification is essential for PCR roles and responsibilities. In addition, contracting officials we interviewed generally stated that the training PCRs receive as part of the certification enhances their ability to understand contracting issues and carry out their responsibilities. However, PCRs in one discussion group stated that having a Level III certification was not as important as job experience itself. In addition, PCRs in two discussion groups said the available classes were not beneficial to them.

Some PCRs described difficulty in maintaining their Level III certification. Specifically, PCRs in two of the seven nonsupervisory discussion groups said Level III certification was difficult to maintain due to the lack of available funding for training courses. To maintain a Level III FAC-C,

¹⁸The document provided to us was not dated or signed, and as of March 2020 we could not locate it on SBA's website where all standard operating procedures are listed. As a result, we could not determine whether the revised Prime Contracts Program standard operating procedures were in use.

¹⁹The National Defense Authorization Act for Fiscal Year 2016 modified the Small Business Act by strengthening requirements for PCRs to obtain a Level III FAC-C and requiring that PCRs attain such a certification within 1 calendar year after being hired. See Pub. L. No. 114-92 § 865 (2015) (codified as amended at 15 U.S.C. § 644(l)(5)(C)). The Federal Acquisition Certification in Contracting Program establishes general education, training, and experience requirements for federal contracting professionals. The program contains three levels of certification that allow for appropriate education, training, and experience for contracting professionals managing a range of contract vehicles, from low-risk contracts (such as supplies) to high-risk, complex acquisitions (such as information technology systems). Each level has specific education, training, and experience requirements. The certification is to be recognized by all federal civilian agencies as evidence that an employee meets core requirements to perform contracting functions.

contracting professionals are required to earn 80 continuous learning points every 2 years, beginning with the date of their certification. The requirement can be met through completing classroom or online training, participating in professional organizations, publishing articles on contracting and procurement, speaking at procurement and contracting events, and completing various developmental assignments.

Supervisory support. PCRs generally expressed positive views regarding the supervisory support they receive. For example, in six of the seven nonsupervisory discussion groups, PCRs stated that they interact with their supervisor at least weekly, either through area-wide or one-on-one meetings. PCRs in five of the seven nonsupervisory discussion groups stated that their supervisor is accessible when they need assistance. However, PCRs in two discussion groups stated that their supervisor is not responsive to requests for assistance.

Area Directors told us that they support their PCRs in any manner possible. They stated that they provide PCRs with information and policies they need to conduct their work and are always willing to call agency contracting officials if needed. Deputy Area Directors told us that they had an open-door policy and were available to their PCRs by text, email, phone, and in person. Appendix II provides further details on the discussion groups we conducted with PCRs and PCR supervisors.

Conclusions

PCRs play an important role in helping small businesses to gain access to federal contracting opportunities. However, SBA lacks complete documentation to support their reported activities and accomplishments—documentation that PCRs are required to retain and that would help SBA to verify the accuracy of the data PCRs report on their activities. A central repository to store the supporting documentation would provide greater assurance that the documentation is maintained as required. In addition, SBA has not submitted required reports to Congress on PCRs' assignments and activities. In the absence of such reports, Congress continues to lack information that it could use for its oversight of PCRs and the Prime Contracts Program they implement.

Recommendations for Executive Action

We are making the following two recommendations to SBA:

SBA's Associate Administrator for Government Contracting and Business Development should develop a central repository for PCRs to store the supporting documentation for the data they report on their activities. (Recommendation 1)

SBA's Associate Administrator for Government Contracting and Business Development should ensure that SBA submits required reports to Congress on PCRs' assignments and activities.
(Recommendation 2)

Agency Comments

We provided a draft of this report to SBA, the Department of Defense, the Department of Homeland Security, the Department of Health and Human Services, the General Services Administration, and the Department of Veterans Affairs for review and comment. In written comments, which are reproduced in appendix III, SBA concurred with our recommendations. The remaining agencies informed us that they had no comments.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees and the Administrator of the Small Business Administration, the Secretary of Defense, the Acting Secretary of Homeland Security, the Secretary of Health and Human Services, the Administrator of the General Services Administration, the Secretary of Veterans Affairs, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or shearw@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



William B. Shear
Director, Financial Markets and
Community Investment

Appendix I: Objectives, Scope, and Methodology

This report addresses (1) the documentation the Small Business Administration (SBA) maintains on procurement center representatives' (PCR) activities; (2) PCR staffing levels and assignments and the extent to which SBA has met its requirement to report to Congress on PCR staffing; and (3) challenges PCRs face in carrying out their activities and their views on the information, training, and supervisory support they receive from SBA.

To address our first objective, we reviewed data on PCR activities as reported in SBA's monthly Government Contracting Activity Reports (GCAR), which are generated by the agency's area offices, for fiscal years 2009–2018 (the most recent data at the time of our review). We sought to obtain the supporting documentation for selected PCR activities reported by three of SBA's six area offices for the first quarter of fiscal year 2018 and interviewed agency officials knowledgeable about the data and documentation.¹ We selected the three area offices based on a combination of factors, including the number of PCRs assigned to each office, the number of buying activities (federal units that purchase goods and services) covered by each office, and geographic dispersion.

In addition, we reviewed SBA's standard operating procedures for the Prime Contracts Program, which define the requirements for PCRs to report data on the activities they conduct in the monthly GCAR and maintain documentation to support the data they report. We compared SBA's procedures for maintaining the GCAR data and supporting documentation with federal internal control standards related to documentation and the documentation maintained by the three area offices noted above.² Furthermore, we reviewed a sample of 23 performance evaluations SBA completed on PCRs for fiscal year 2018. We selected the sample to obtain (1) evaluations across each of SBA's six area offices, (2) rating scores both higher and lower than the median, and (3) data on approximately half of the performance evaluations available.

¹The selected activities include the number of procurement reviews, the number of small business sources added to or notified of solicitations, the number of actions influenced by PCRs, the dollar value of PCR-influenced actions, the number of small businesses counseled, and the number and dollar amount of Form 70s (formal requests) issued to initiate small business set-asides.

²See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

To address our second objective, we analyzed SBA data on the number of PCR employees from fiscal years 2010 through 2019. To assess the reliability of these data, we corroborated them with other SBA sources and found them to be sufficiently reliable for the purpose of identifying PCR staffing levels over this period. In addition, we reviewed SBA data on the geographic locations, federal agencies, and buying activities to which PCRs were assigned, as of September 30, 2018. We discussed the rationale for assigning PCRs to buying activities with SBA officials. We also reviewed provisions of the Small Business Act that require SBA to periodically report to Congress on PCR assignments. We discussed these provisions with SBA officials and requested the agency's most recent report. Additionally, we spoke with PCRs and their supervisors; contracting staff at the five federal agencies with the highest dollar value of small business contracting obligations for fiscal year 2017 (Departments of Defense, Health and Human Services, Homeland Security, Veterans Affairs, and the General Services Administration); and officials at organizations that promote small business contracting to obtain their views on PCR resources.³

To address our third objective, we reviewed information on the training and information SBA provides to PCRs, including its standard operating procedures, to help them conduct their work. We also obtained data from SBA on the number of PCRs with a Federal Acquisition Certification in Contracting. Additionally, we conducted seven discussion groups with PCRs (from five to seven participants per group) and two discussion groups with supervisors (from four to six participants per group). In total, the discussion groups included 52 participants. The discussion groups were conducted from October 2018 to February 2019. All PCRs and supervisors who were employed at the time of our discussions were invited to participate in the discussion groups. Each group discussion was digitally recorded and transcribed by an outside vendor, and we used the transcripts to summarize participants' responses. An initial coder assigned a code that best summarized the statements from discussion group participants and provided an explanation of the types of statements that should be assigned to a particular code. A separate individual reviewed and verified the accuracy of the initial coding. The initial coder and reviewer discussed orally and in writing any disagreements about code assignments and documented consensus on the final results. Discussion groups are intended to generate in-depth information about

³At the time of our review, the most recent data on small business contracting awards were from fiscal year 2017.

the reasons for participants' views on specific topics. The opinions expressed by the participants represent their points of view and may not represent the views of all PCRs and supervisors. Finally, we interviewed contracting staff at the five federal agencies listed above; representatives of the Government Contractors Association (a trade group); and staff at three Procurement Technical Assistance Centers.⁴

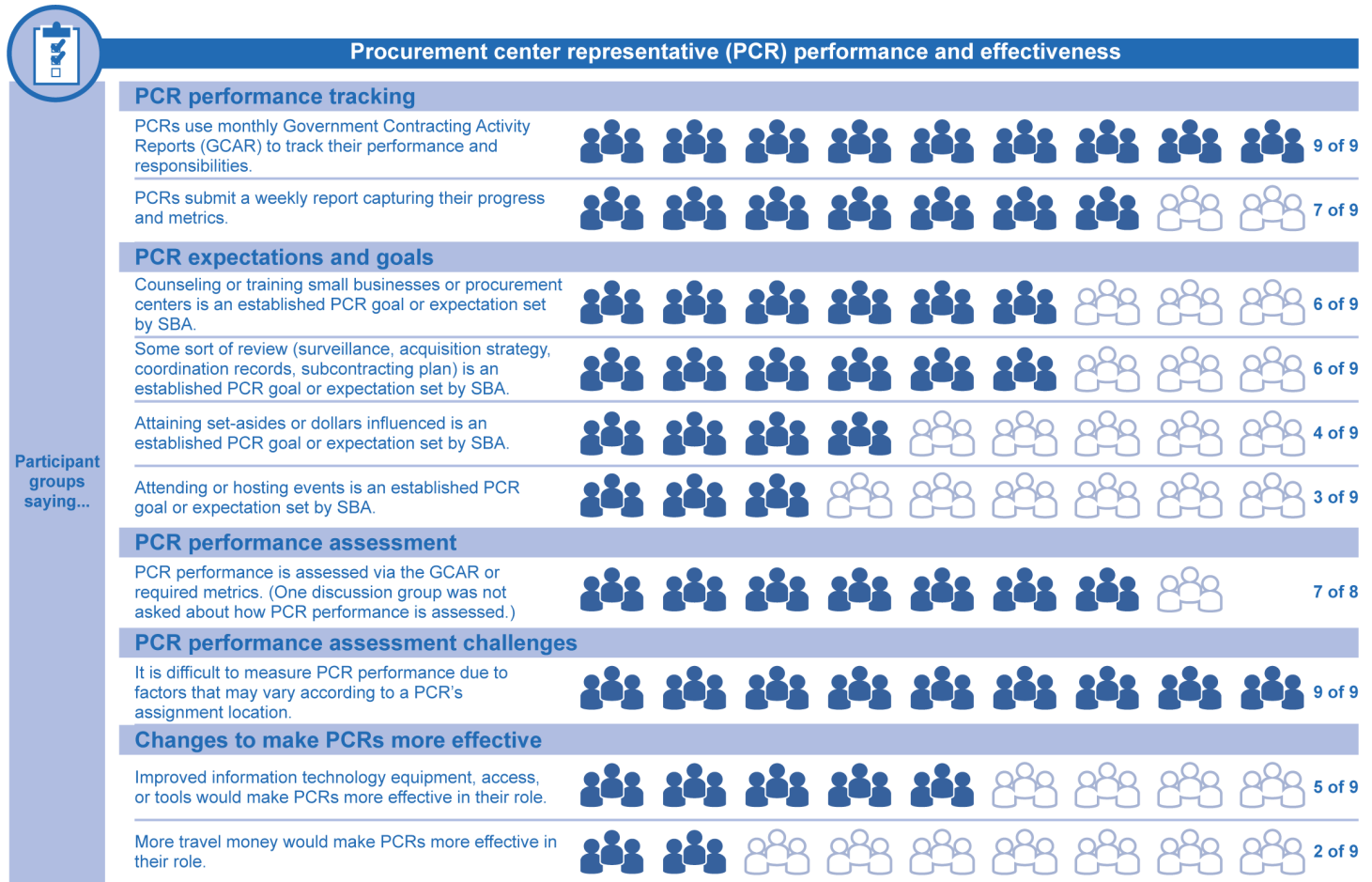
We conducted our work from June 2018 through June 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁴Procurement Technical Assistance Centers help businesses pursue and perform under contracts with the Department of Defense, other federal agencies, state and local governments, and government prime contractors.

Appendix II: Summary of PCR Discussion Groups

The Small Business Administration's (SBA) procurement center representatives (PCR) identify and facilitate small business contracting opportunities among federal agencies. We conducted seven discussion groups with PCRs (nonsupervisory groups), consisting of from five to seven participants each. We also conducted two discussion groups with SBA Area Directors and Deputy Area Directors who supervise PCRs (supervisory groups), consisting of four to six participants each. The discussion topics focused on three areas: PCR roles and responsibilities; performance and effectiveness of PCRs; and training, information, and supervision SBA provides to PCRs. The discussion groups' responses on different topic areas are summarized in figure 2. Discussion groups are intended to generate in-depth information about the reasons for the participants' views on specific topics. The opinions expressed by the participants represent their points of view and may not represent the views of all PCRs and supervisors. Appendix I describes our methodology in greater detail.

Figure 2: Summary of PCR and Supervisor Discussion Groups



Source: GAO. | GAO-20-462

Appendix II: Summary of PCR Discussion Groups



Procurement center representative (PCR) resources

PCR staffing levels

PCR staffing levels are too low. 7 of 9

Having additional PCRs would help more small businesses and build better relationships with agencies (supervisory groups). 2 of 2

PCR service issues (geography)

PCRs' location prevents them from visiting some of their activities. 5 of 9

The majority of PCRs' work is done electronically. 4 of 9

PCR service issues (workload)

PCR workload is too high. 5 of 9

Funding issues

PCRs were unable to visit their agencies due to lack of funding. 8 of 9

PCRs were unable to attend conferences due to a lack of funding. 2 of 9

Technical system issues

PCRs experience technical issues with agency-specific systems for procurement activities. 9 of 9

Different systems of agencies are challenging to use, including not being compatible with Small Business Administration systems or credentials. 8 of 9

PCRs often have difficulty accessing the systems. 9 of 9

PCRs are sometimes unable to get the correct documentation or materials through the electronic systems. 2 of 9

Participant groups saying...

Source: GAO. | GAO-20-462

Appendix II: Summary of PCR Discussion Groups



Procurement center representative (PCR) training, information, and supervision

PCR onboarding and training

New PCRs are assigned a mentor or rely on senior PCRs for training or guidance.		9 of 9
There is no formal PCR training available (nonsupervisory groups).		4 of 7
PCR training processes and manuals are available (supervisory groups).		2 of 2

PCR continuous learning and Level III certification

Having a Level III certification is essential to the PCR role and responsibilities.		6 of 9
Level III certification is difficult to maintain with the lack of available funding for training courses.		4 of 9
The training courses associated with Level III certification and maintenance are not related to the actual PCR duties (nonsupervisory groups).		2 of 7

PCR information and guidance

There are Small Business Administration standard operating procedures available to provide direction (nonsupervisory groups).		5 of 7
PCRs receive guidance through periodic staff meetings (nonsupervisory groups).		5 of 7

PCR supervision

PCRs interact with a supervisor at least weekly (nonsupervisory groups).		6 of 7
PCRs report to the Deputy Area Director or the Area Director (nonsupervisory groups).		5 of 7
PCRs can contact their supervisor for assistance or support (nonsupervisory groups).		5 of 7
Supervisors support PCRs as much as they need (supervisory groups).		2 of 2
There is no supervisory support when PCRs reach out (nonsupervisory groups).		2 of 7

Participant groups saying...

Source: GAO. | GAO-20-462

Notes: Discussion groups are intended to generate in-depth information about the reasons for the participants' views on specific topics. The opinions expressed by the participants represent their points of view and may not represent the views of all PCRs and supervisors.

Appendix III: Comments from the U.S. Small Business Administration



May 26, 2020

Mr. William B. Shear
Director
Financial Markets and Community Investment
U.S. Government Accountability Office
Washington, D.C. 20548

Dear Mr. Shear:

Thank you for providing the U.S. Small Business Administration (SBA) with a copy of the U.S. Government Accountability Office's (GAO) draft report 20-462 titled "*Small Business Contracting – Better Documentation and Reporting Needed on Procurement Center Representatives (PCRs).*"

GAO provided two recommendations to SBA. SBA concurs with the recommendation to develop a central repository for PCRs to store the supporting documentation for the data they report on their activities and concurs with the recommendation to submit required reports to Congress on PCRs' assignments and activities. SBA acknowledges that it could not provide requested documentation for one Government Contracting (GC) Area office for fiscal year (FY) 2018. SBA also acknowledges that additional requested information for two other GC Area Offices during the same time period of FY 2018 was not provided due to the departure or retirement of PCRs that saved information on their computers and the documentation is no longer accessible. However, it should be noted that beginning in FY 2020, SBA is maintaining documentation per the new Government Contracting Activity Report (GCAR) guidelines.

GAO's first recommendation is that SBA develop a central repository for PCRs to store the supporting documentation for the data they report on their activities. We concur with this recommendation that a repository is needed and SBA will implement repositories at the national level. As of FY 2020, we have commenced standardizing collection and reporting of acquisition reviews through the GCAR. As stated above, the new GCAR, which was demonstrated to the GAO team in a live presentation, gives a complete explanation of how and what to count on each line of the report. The updated GCAR established standardized activity definitions, collection, and presentation of the

**Appendix III: Comments from the U.S. Small
Business Administration**

support performed by Area PCRs nationwide (as well as other staff). In addition, one Area office is piloting the use of “spot checks” on their Area PCR’s registry of acquisition record reviews to ensure consistency and reliability of the reported performance numbers. The spot check is scheduled at the end of the second and fourth quarters of FY 2020. After this pilot trial is concluded, SBA GC Headquarters will assess the viability of a registry records spot check as a national practice for all Area Offices. SBA will also review and determine what data will be needed in support of the GCAR, and the Office of Government Contracting will comply with all Federal Records Act requirements.

GAO’s second recommendation is that SBA should ensure that required reports to Congress on PCRs’ assignments and activities are submitted. We concur with that recommendation. The required report will be sent to Congress by December 26, 2020 and subsequently every three years thereafter.

Thank you for giving SBA the opportunity to comment on the draft report.

Sincerely,

DAVID
LOINES  Digitally signed by
DAVID LOINES
Date: 2020.05.28
07:49:58 -04'00'

David Wm. Loines
Director
Office of Government Contracting



All SBA programs and services are extended to the public on a nondiscriminatory basis.

2

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

William B. Shear, (202) 512-8678 or shearw@gao.gov

Staff Acknowledgments

In addition to the contact name above, Marshall Hamlett (Assistant Director), Carolyn Demaree, Karin Johnson, Julia Kennon, Barry Kirby (Analyst in Charge), Jill Lacey, Marc Molino, Jennifer Schwartz, Atiya Siddiqi, and Tyler Spunaugle made significant contributions to this report.

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