



News Release

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Department of the Interior's IG report on Government Contracting Consistent with SBA's Findings

WASHINGTON – A new report issued by the Department of the Interior's Inspector General supports the U.S. Small Business Administration's conclusions that contracting officers' coding errors are the primary reason why large companies are shown in databases as holding federal contracts that are listed as being held by small businesses.

"The main reasons that contracts to large businesses have been incorrectly coded as small business contracts relate to data entry mistakes, reliance on incorrect data, and a failure on the part of contracting officials to verify business size reported in Central Contract Registration," said DOI Inspector General Earl Devaney.

The errors include mistakes made as a result of failing to account for acquisitions by large companies of small companies with federal contracts.

The report examined a small sample of contracts awarded by the Department of Interior and in 2006 and 2007 found that \$5.7 million in contracts had been awarded to large businesses but was still coded as having gone to small businesses.

"SBA applauds the Inspector General's useful report for its thoroughness and clarity on the issue of small business contracting," said Acting Administrator Jovita Carranza. "We also commend the Interior Department's efforts to ensure the integrity of small business contracting data and keeping miscoding to a minimum. This report is a useful roadmap in our ongoing efforts to identify and cure these technical issues. SBA looks forward to continuing its work with DOI on improving procurement opportunities for small businesses."

"It is also useful to note that the DOI office responsible for identifying waste, fraud and abuse reported none," Carranza said.

"The Department of the Interior is proud of its support of small businesses and remains committed to fostering small businesses," Deputy Secretary of the Interior Lynn Scarlett said. "The discrepancies appear to have been the result of incorrect coding, data entry mistakes or insufficient verification of the business size. We are working to correct these issues."

Since 2006 SBA has initiated reforms that have significantly reduced the large company/small business contracting issue. Those reforms include:

- Clean Data – SBA, in conjunction with the Office of Federal Procurement Policy, ordered the federal contracting database scrubbed last year to bring much greater integrity to the data. This removed \$4.6 billion from the contract database.

http://www.sba.gov/idc/groups/public/documents/sba_homepage/news_06-61.pdf

- Recertification – SBA tightened the definition of small business in the federal database. We estimate an additional \$5 billion-\$10 billion will be removed this year and that with these steps, the quality of data will increase measurably over time.
http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_monnews_0740.pdf
- Scorecard – Last year we inaugurated an important tool to hold agencies publicly accountable for their small business contracting achievements. This public scrutiny has greatly improved SBA's ability to improve small business contracting.
http://www.sba.gov/idc/groups/public/documents/sba_homepage/sba_news_07-51.pdf
- Public data – As mentioned, the data on all contracts has long been open to the public. However, new Web resources such as usaspending.gov further improve the public's visibility into the matter. Additionally, SBA provides a snapshot of the small business data annually through its Goaling Report.
http://www.sba.gov/idc/groups/public/documents/sba_homepage/sba_news_07-51.pdf
- The Office of Federal Procurement Policy Administrator Paul Denett issued guidance to the federal agencies acquisition community requiring that they establish and document procedures for validation and verification of contracting data contained in the Federal Procurement Data System-Next Generation, and that they attest to the data each year.

SBA, in partnership with federal agencies, has taken great strides to improve federal contracting information data through data cleaning, regulations, and increased transparency and accountability. These measures taken collectively will encourage agencies to provide more, genuine opportunities to small firms.

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