

# SBA's PROTEST PROCESS

Report Number 22-24 | September 30, 2022





# EXECUTIVE SUMMARY

## SBA'S PROTEST PROCESS

Report 22-24

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### What OIG Reviewed

We reviewed the U.S. Small Business Administration's (SBA) process for handling complaints, or protests, filed to request review of contracts awarded to businesses that may not have been eligible in size or certification status, as required by the offer terms. The small business protest process was created to allow self-interested offerors to police themselves and prevent awards from going to ineligible businesses. The process was intended to protect the integrity of set-aside awards and of SBA's small business contracting certification programs.

Congress authorized small business set-asides to ensure federal agencies award a fair proportion of goods and service contracts to small businesses in each industry to diversify and strengthen the American economy. In Fiscal Year (FY) 2021, federal agencies awarded over \$154 billion to small businesses.

The objectives of this audit were to determine whether SBA had effective controls in place to (1) ensure protest decisions were properly enforced and to (2) monitor the protest process.

We interviewed program officials and reviewed public laws, regulations, and SBA policies and procedures. We reviewed 364 small business size and status protests decided by SBA during FY 2021.

### What OIG Found

SBA had effective controls in place to ensure protest decisions were properly enforced and used to monitor the protest process.

We found that only 4 percent of the small businesses protested in FY 2021 did not

update their proper status in their company profile after SBA found they did not qualify for set-aside awards.

The recently enacted National Defense Authorization Act for FY 2022 gave SBA authority to enforce protest decisions and ensure they are properly reflected on a company's SAM.gov profile.

We also found program officials decided 80 percent of small business protests within the required 15 business days, or within extension dates approved by the contracting officer. However, SBA did not decide on a protest within required timeframes for 20 percent of the protests reviewed. SBA also did not consistently document extensions, which affected management's ability to monitor and our ability to assess timeliness. Protests must be promptly resolved to minimize disruptions to the federal award process.

### OIG Recommendation

We made one recommendation for SBA management to strengthen controls to consistently document and monitor required protest information to ensure decisions are made in a timely manner.

### Agency Response

SBA Management agreed with the recommendation. Management has taken steps to update internal guidance to require information for both size and status protests be completed in the tracking logs. SBA plans to implement a new process to maintain all size logs in a centralized location to allow management to view them. Additionally, officials will reinforce guidance that any written documentation to support extensions must be retained in the protest file.



# Office of Inspector General

U.S. Small Business Administration

**DATE:** September 30, 2022

**TO:** Isabella Casillas Guzman  
Administrator

**FROM:** Hannibal "Mike" Ware  
Inspector General

**SUBJECT:** Audit of SBA's Protest Process

This report represents the results of our audit *SBA's Protest Process*. We considered management comments on the draft of this report when preparing the final report. SBA management agreed with our recommendation.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions, please contact me or Andrea Deadwyler, Assistant Inspector General for Audits, at (202) 205-6586.

cc: Arthur Plews, Chief of Staff  
Therese Meers, Acting General Counsel  
Peggy Delinois Hamilton, Special Counsel for Enterprise Risk  
Bibi Hidalgo, Associate Administrator, Office of Government Contracting and Business Development  
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Michael Simmons, Attorney Advisor, Office of General Counsel  
Tonia Butler, Director, Office of Internal Controls

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## Introduction

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Congress authorized small business set-asides to ensure federal agencies award a fair proportion of goods and service contracts to small businesses in each industry. Congress required annual government-wide goals for awards to small businesses, women-owned small businesses, service-disabled veteran-owned small businesses, and HUBZone-certified small businesses, which are businesses located in historically underutilized business zones. Congress also required all federal agencies to encourage the maximum participation of small businesses in federal contracting to diversify and strengthen the U.S. economy.

In FY 2021, federal agencies awarded over \$154 billion to small businesses. These awards included contracts that provided preference to small, women-owned, service-disabled veteran-owned, or HUBZone-certified small businesses.

To help provide a level playing field for small businesses, the government limits competition for certain contracts to small businesses. These contracts are called small business set-asides, and they help small businesses compete for and win federal contracts. In limited situations, sole-source contracts can be issued without a competitive process. This usually happens in situations where only a single small business can qualify for the specific set-aside and fulfill the requirements of a contract.

Businesses that are not eligible may intentionally or unintentionally compete for set-aside contracts. SBA manages a protest process, whereby interested parties to the contract that had been set aside for small businesses can challenge the size or status of an entity in line to receive the award. This process is intended to instill integrity within SBA's small business contracting programs. There are two types of protests:

- **Small Business Size.** An interested party may claim that a winning business does not meet small business size standards.
- **Small Business Status.** An interested party may claim that a winning business does not meet the status requirements under one of SBA's contracting programs.

## Importance of Accurate Representation on Profiles

The Federal Acquisition Regulation (FAR) requires all firms to represent their small business status on their company profile in the General Services Administration's System for Award Management (SAM.gov)<sup>1</sup> database. SBA's Dynamic Small Business Search database is integrated with SAM.gov. The Dynamic Small Business Search provides SAM.gov the status of the firms participating in SBA's certified HUBZone contracting program and displays the status of certified women-owned small business firms. Contracting officers must review and accept a firm's representation of its size status in the applicable database unless they have reason to question it, or unless the status is challenged by another offeror in a protest.<sup>2</sup>

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<sup>1</sup> FAR 4.1201(a) Policy.

<sup>2</sup> FAR 19.301-1 Representation by the offeror.

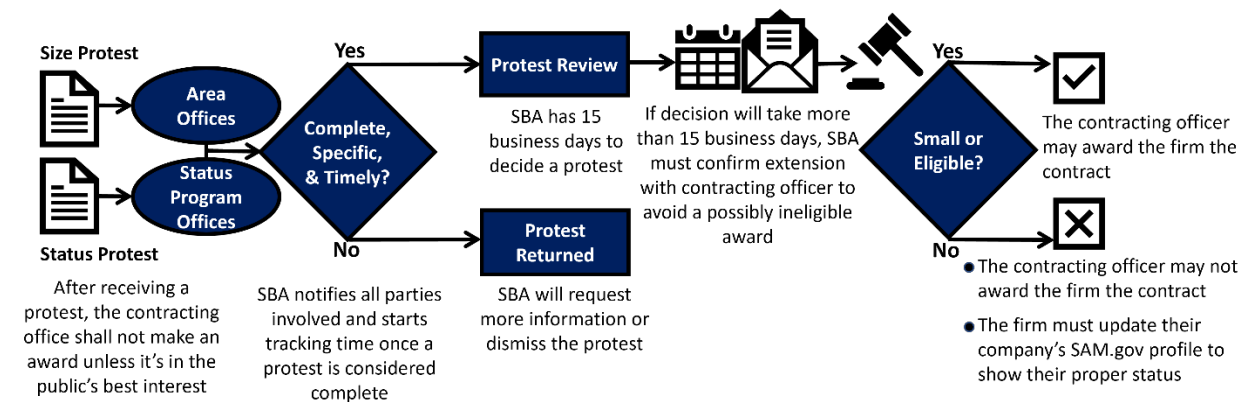
SBA’s Office of Government Contracting and Business Development handles most size and status protests, excluding service-disabled veteran-owned status protests involving Department of Veteran Affairs procurements.

- **Size Protests.** Handled by size specialists in the Office of Government Contracting area office that serves the area where the protested firm is headquartered.
- **Status Protests.** Handled by program analysts in the Office of Government Contracting (women-owned, service-disabled veteran-owned) and Office of HUBZone (HUBZone).<sup>3</sup>

## Impact of Small Business Protests on Federal Awards

SBA’s size and status determinations are binding on the award decisions of agency contracting officers and, as a result, can have significant government-wide impact. Firms cannot reduce size to regain status for a protested award after an adverse SBA decision. A decision is considered adverse when SBA sustains a protest and determines that a firm is “other than small,” ineligible for one of SBA’s contracting programs, or if it is not in compliance with size requirements with respect to a specific award.

**Figure 1. Protesting a Small Business Award**



Source: OIG analysis of federal regulations 13 CFR 121, 124, 126, and 127 and FAR part 19.3

As shown in Figure 1, once a contract protest is filed, contracting officers cannot award the protested contract until SBA is provided 15 business days to decide on a protest. After 15 business days, contracting officers are allowed to award the contract when there is an immediate need to move forward. However, if the recipient is subsequently deemed ineligible by an adverse decision, the contracting officer must then terminate the contract, resulting in significant delays in the agency’s ability to acquire goods and services.

Firms that make willful misrepresentation of size or status may be subject to the following penalties:

<sup>3</sup> The Office of Business Development is not involved in the protest process because a firm’s status as an 8(a) program participant cannot be challenged in a contract protest.

- **Presumption of Loss.** Agencies may collect the entire set-aside award amount, even if the award was fully performed.
- **Suspension or Debarment.** Agency suspension and debarment officials may suspend or permanently remove a firm's eligibility to do business with the government.

## **Objectives**

Our objectives were to determine whether SBA had effective controls in place to (1) ensure protest decisions were properly enforced and to (2) monitor the protest process.

## **Results**

We found that SBA's controls ensure protest decisions are properly enforced and that controls used to monitor the protest process are generally effective. Recently enacted legislation, when implemented, will give SBA authority to enforce protest decisions.

We also found program officials decided 80 percent of small business protests within the required 15 business days or within extension dates approved by the contracting officer. However, SBA did not consistently document extensions, which affected how management monitored timeliness.

## **Finding 1: SBA's Protest Decisions Were Effectively Enforced**

SBA ensured protest decisions were effectively enforced. In FY 2021, program officials reviewed 364 size and status protests, with contracting officers and firms taking appropriate follow-up action 96 percent of the time.

In the remaining 4 percent, the small businesses did not update their status in their SAM.gov profiles, showing that they no longer could claim a small business status or certification.

The recently enacted National Defense Authorization Act for FY 2022 should help ensure all protest decisions are properly reflected on a company's SAM.gov profile. This legislation amended the Small Business Act, requiring SBA to monitor and ensure a company's SAM.gov profile is updated after SBA decides a company does not qualify for a set-aside contract.<sup>4</sup>

As a result of the legislation, program officials have begun tracking whether firms with adverse decisions updated to their proper status. SBA is also preparing proposed regulations and will update program guidance to comply with the new requirement once their regulations and necessary changes to Federal Acquisition Regulations have been finalized.

Effective enforcement of adverse decisions builds trust in the small business protest process and helps ensure the process works to prevent ineligible offerors from benefiting from contracting opportunities.

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<sup>4</sup> Public Law 117-81, 135 STAT. 1543, National Defense Authorization Act for FY 2022, §863 Protests and appeals related to eligibility of business concerns (December 27, 2021) amending the Small Business Act codified at 15 U.S.C. §634(i)(4).



## **Finding 2: SBA's Monitoring Ensured Most Protests were Handled within Established Timeframes**

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SBA management generally ensured protest decisions were reached by the required timeframes. In FY 2021, program officials decided 293 out of 364 size and status protests, or 80 percent, within the required 15 business days or within the extension date approved by the contracting officer.

An effective internal control system incorporates monitoring. Ongoing monitoring can provide necessary data to effectively manage and supervise activities, comparisons, reconciliations, and other routine actions. While SBA effectively monitored most protests, 71 of the 364 size and status protests, or 20 percent, were not processed within established timeframes. Program officials did not meet the deadlines or consistently follow guidance, when available, for recording approved extensions and other critical protest information. This led to inconsistencies in how size protest data on timeliness was reported to management.

Inconsistent recording and reporting protest decisions limit management's ability to monitor the processing times to resolve protests. Timely protest decisions allow contracting officers to take appropriate action when awarding contracts and avoid costly delays during the acquisition process.

### **Most Protests Handled Within Timeframes**

Federal regulations require program officials to issue a decision within 15 business days, or the contracting official may move ahead to award the contract. If more than 15 business days is needed to make a decision, SBA program officials must receive approval from the contracting officer, or else the contracting officer may award the contract if waiting would be disadvantageous to the government.

For cases requiring decisions, we found program officials decided 80 percent of all size and status protests within the required 15 business days or within extension dates approved by the contracting officer. This action gave contracting officers assurance to move ahead with their awards.

### **Opportunity For Better Monitoring**

While SBA effectively monitored most of the protests, we identified 20 percent of protests were not processed within established timeframes. *Standards for Internal Control in the Federal Government* for external communication requires SBA to use quality information to regularly communicate with contracting officers so that well-informed decisions will prevent awards from going to ineligible recipients.<sup>5</sup> An effective information and communication environment ensures protests are resolved promptly to minimize any disruptive impact to the government's ability to award contracts.

Area offices reported to management on the timeliness of their size protests in the Government Contracting Activity Report, a report that the Office of Government

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<sup>5</sup> GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, DC: September 2014).

Contracting management uses to review analyst activities across the division. The report showed a compliance rate of 97 percent; however, our assessment of the data SBA provided showed a compliance at 84 percent for size protests (see Appendix II).

SBA did not have uniform guidance on documenting extension decisions made by contracting officers. We found that size specialists and program analysts did not consistently document whether extensions were approved by contracting officers. According to size program desk guidance recently finalized by the SBA Office of Government Contracting, all area offices were required to confirm extensions in writing and record them on the tracking log. However, in practice, three out of six area offices relied on the contracting officer's verbal concurrence and did not consistently document or record approved extensions.

SBA did not have the same level of guidance as the area offices for program analysts handling women-owned small business, service-disabled veteran-owned, and HUBZone status protests. Program officials indicated this was because the status protest numbers were relatively low. However, program officials could look to area office desk guidance as an example of a best practice because of the similarities in managing size and status protests.

## **Recommendation**

We recommend the Administrator require the Associate Administrator for the Office of Government Contracting and Business Development to:

1. Implement a process for each protest program to document complete and accurate records of all extensions and monitor to ensure timeliness of protest decisions to minimize disruptions to the award process.

## Analysis of Agency Response

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SBA management provided formal comments to our draft report, which are included in their entirety in Appendix III. Management agreed with our recommendation and the planned corrective actions resolve the recommendation.

In their response, SBA management noted that SBA does not have the authority to update SAM.gov when the system is owned and maintained by General Service Administration. Management also clarified that SAM.gov certification statuses for women-owned small businesses and service-disabled veteran-owned small businesses that are not awarded Department of Veteran Affairs procurements are self-certifications. SBA certified women-owned small business statuses are displayed in the Dynamic Small Business Search.

We maintain our position that a firm's representation of its small business status or certification needs to be accurately reflected in the applicable database, regardless of whether the information is sourced or integrated from other systems. Federal Acquisition Regulations designate SAM.gov as the system of record for this information.<sup>6</sup> The National Defense Authorization Act for FY 2022 that management is working to implement also specified that SAM.gov profiles require updates. Presently, the Department of Defense has a class deviation in place from Federal Acquisition Regulations, and the Civilian Agency Acquisition Council authorized civilian agencies to issue similar class deviations for contracting officers to check the Dynamic Small Business Search for women-owned small business certification statuses. However, these deviations are temporary until SBA certification statuses are implemented within SAM.gov. SBA needs to facilitate the process with the General Services Administration and Integrated Acquisition Environment Change Control Board to make sure protest results are accurately reflected on the systems inherent to the protest process.

Additionally, SBA management disagreed with OIG's conclusion that 4 percent of the size and status protests decisions reviewed in FY 2021 did not show firms updated the correct status in their SAM.gov profiles after SBA determined they could no longer claim a small business status or certification. Management reviewed the protest cases and determined only 2 percent of the firms did not update their profile status. Management stated that two of the firms had inactive SAM.gov profiles while five decisions had been recorded incorrectly on the tracking log and did not need to be updated in SAM.gov. However, management did not provide any support for their assertions.

Without additional support, we maintain our initial conclusion. More importantly, the purpose of documenting tracking logs is for their ultimate use as a monitoring tool. Correctly recording decisions is inextricably tied to ensuring for accurate representations on SAM.gov on the status and certification of a firm. The discrepancy between management's assertion and OIG's findings further underscores the need for consistent and accurate tracking of protest information so that management can properly monitor for timely resolution.

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<sup>6</sup> FAR 4.1201(a) Policy.

Regarding established timeframes for processing protests, SBA management disagreed with OIG's audit results being based on the completeness of data in tracking logs rather than including a review of supporting documentation and files for the protest cases. Management stated the tracking logs are not the only tool SBA uses to monitor a protest process and will also accept verbal extensions to track cases. For example, the HUBZone program also records approved extensions in emails and tracks progress in routine meetings. Management reviewed the files and identified that 83 percent were decided within approved timeframes instead of the 50 percent determined by OIG. However, management did not provide any documentation to support their conclusion.

Without additional support, we maintain our position that a process to document complete and accurate records is critical to monitoring protest activity. For SBA's protest process, tracking logs were established as the tool of record by which information is captured, based on discussions with program officials and written, available guidance. Verbal communication is not a form of quality information that should be used as a best practice or as an internal control standard in managing time-sensitive procedures. Despite SBA's established methodology for tracking, OIG confirmed with program officials on multiple occasions on the completeness of data and whether there was any other extension information that may have been located elsewhere.

## **Summary of Actions Necessary to Close the Recommendation**

The following section summarizes the status of our recommendation and the actions necessary to close them:

### **Recommendation 1**

Implement a process for each protest program to document complete and accurate records of all extensions and monitor to ensure timeliness of protest decisions to minimize disruptions to the award process.

#### **Status: Resolved**

SBA management agreed with this recommendation. Management's comments acknowledged the importance of updated internal guidance and has started to implement changes to ensure protest logs are accurate and complete. They also plan to implement a process for FY 2023 that requires size logs to be housed in a centralized location with mandatory data fields, including a field for approved or denied extensions. The centralized location allows for management oversight of the size logs. Management added they will reinforce guidance in the Desk Guide that email or electronic correspondence on the extension must be in the size protest file. Management plans to complete final action by October 15, 2022.

This recommendation can be closed once program officials provide evidence that they have implemented a process for each protest program and monitor to ensure timeliness of protest decisions.

## Appendix I: Objectives, Scope, and Methodology

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### Objectives

Our objectives were to determine whether SBA had effective controls in place to (1) ensure protest decisions were properly enforced and to (2) monitor the protest process.

### Scope and Methodology

In FY 2021, SBA decided on 364 size and status protests. The 364 protest decisions (see Table 1) related to 327 size protests and 37 status protests affiliated with a protested award. The type and volume of decisions SBA reached are summarized in Table 2.

**Table 1. Protest Results**

Decision Issued by SBA	Number of Decisions	Percentage of Total Decisions (percent)
Dismissed	190	52%
Small Business or Eligible	109	30
Other Than Small or Ineligible	53	15
Other Than Small for a Specific Award*	12	3
Total	364	100%

Source: OIG generated analysis based on data requested from SBA's Office of Business Development and Government Contracting

\*Other than small for a specific award means that SBA decided the firm did not meet the small business size requirements based on the unique circumstance for a particular award. Examples could include noncompliance with the nonmanufacturer rule or affiliation issues with a subcontractor or joint venture partner.

We reviewed SBA's protest process and monitoring practices used in FY 2021. To meet our audit objectives, we reviewed applicable public laws, federal regulations, and SBA policies and procedures. We obtained an understanding of SBA's protest process by holding discussions and walk throughs with program officials involved in recording, managing, and adjudicating size and status protests. We reviewed consolidated tracking logs provided by SBA to assess the completeness and accuracy of data and evaluate program performance. We confirmed with each program office of the completeness of the data and updated based on the information provided by program officials.

Additionally, we reviewed the SAM.gov profiles of firms determined to be other than small or ineligible for one of SBA's contracting programs to ensure that SBA's controls were effective in monitoring the protest process and enforcing decisions.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient and 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.

### Use of Computer-Processed Data

We relied on computer-processed data SBA provided. We analyzed protest files tracked on spreadsheet logs and compared the recorded information against count totals provided by SBA to understand any differences in the number of protests. We also verified the accuracy

of the tracking logs by reviewing the supporting documentation for a sample of shared protest files maintained by the area offices.

We believe the information is reliable for the purposes of this audit.

### Assessment of Internal Controls

For this audit, we identified the following internal control components and underlying internal control principles as significant to the audit objectives.

Internal Control Component	Internal Control Principle
Control Activities	Design Control Activities Design Activities for the Information System Implement Control Activities
Information and Communication	Use of Quality Information Communicate Externally
Monitoring	Perform Monitoring Activities

Source: OIG analysis

We assessed the operating effectiveness of the internal controls and identified deficiencies we believe could affect SBA’s ability to determine the effectiveness of SBA’s protest process.

The internal control deficiencies we found are discussed in the results section of this report. However, because our review was limited to aspects of these internal control components and underlying principles, it may not identify all internal control deficiencies that may have existed when this audit took place.

### Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Women-Owned Small Business Program: Actions Needed to Address Ongoing Oversight Issues</i>	Examined how SBA has implemented changes to address previously identified oversight deficiencies in the Women-Owned Small Business program	<a href="#">GAO-19-168</a>	March 14, 2019	N/A

## Appendix II: Timely Resolution of Protests

Overall, SBA's data used by management to track protests demonstrated strong metrics for timely resolution within 15 business days or the contracting officer approved extension date (see Table 2). SBA management told us that approved extensions were not consistently documented and that some of the protests may have met deadlines. However, management could not provide additional support.

**Table 2. Number of Protests Handled Within Timeframes in FY 2021**

Type of Protest	Number of Cases Handled within Timeframe	Total Number of Protests Received	Percentage Handled Within Timeframe by Protest Type (percent)
Size Protests	276	327	84%
Service-Disabled Veteran-Owned Small Business Status Protests	9	18	50
HUBZone Status Protests	6	12	50
Women-Owned Small Business Status Protests	2	7	29
<b>Total</b>	<b>293</b>	<b>364</b>	<b>80%</b>

*Source:* OIG generated analysis based on data requested from SBA's Office of Business Development and Government Contracting

## **Appendix III: Management Comments**

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### **SBA RESPONSE TO THE AUDIT REPORT**





## U.S. SMALL BUSINESS ADMINISTRATION

WASHINGTON, D.C. 20416

DATE: September 26, 2022

TO: Mike Ware, Inspector General,  
Office of Inspector General (OIG)

THRU: Bibi Hidalgo, Associate Administrator,  
Office of Government Contracting and Business Development (GCBD)

Antonio Doss, Deputy Associate Administrator,  
Office of Government Contracting and Business Development (GCBD)

FROM: Lori Gillen, Director,  
HUBZone Program (HUBZone)

SUBJECT: SBA's Response to OIG Project 22006, Audit of SBA's Protest Process

Thank you for the opportunity to respond to the Office of Inspector General's (OIG) Draft Report of September 6, 2022, regarding the U.S. Small Business Administration's Protest Process.

SBA values its partnership with OIG and appreciates the role OIG plays in working with management to help SBA administer its programs more effectively. We have carefully considered the recommendation and have done our best to provide thoughtful feedback with the goal of reaching a resolution.

The OIG draft report presents the results of OIG's audit of *SBA's Protest Process* (Project 22006), in which OIG reviewed whether SBA has effective controls in place to (1) ensure protest decisions were properly enforced and (2) monitor the protest process.

Based on SBA's review of the report's *Finding 1 and 2* sections and *Appendix II: Timely Resolution of Protests*, the Office of Government Contracting and Business Development (GCBD) offers the following comments and suggested changes to the draft report:

### Finding 1: SBA's Protest Decisions Were Effectively Enforced

SBA appreciates the OIG acknowledgement that protest decisions were effectively enforced. SBA is committed to implementing the requirements of PL 117-81 to continue to ensure protest decisions are enforced.

SBA would like to clarify the draft audit report references to SAM.gov. SAM.gov, which is not maintained by SBA, does not display the new WOSB Federal Contract Program designation. The formal WOSB Program designation is only contained in Dynamic Small Business Search (DSBS) under the "Federal Certifications" section. SAM.gov displays the WOSB self-designated status.

WOSB firms and non-VA procurement SDVOSB firms can self-certify. A firm's self-certification is identified within a GSA-owned and maintained system, SAM.gov. SBA has no authority to unilaterally make changes to the SAM.gov system. SBA submits the appropriate forms to request changes to the Integrated Acquisition Environment (IAE) Change Control Board and works with GSA and the Small Business Procurement Advisory Council to discuss changes needed to systems and regulations.

The draft audit report states that in FY21 businesses found "other than small" or "ineligible" as a result of a status or size protest did not update their SAM profile to reflect this status 4% of the time. For the size protest program, the supporting data included ten companies found "other than small" that did not make this change in SAM.gov. In five of those cases (contained in Area III and Area VI), the "other than small" finding was based on contract-specific factors, such as ostensible subcontracting, so the companies were not required to change their size status in SAM.gov because the "other than small" finding had no lasting consequence. In the two cases whereby a contractor was found "other than small" in Area I, these companies SAM.gov profiles are inactive. Thus, the firm is not actively representing itself as small, but rather, no longer has a valid registration in SAM.gov. The reduction of these seven size determinations reduces the number of times a company did not take action to change its size status in SAM.gov to "other than small" from ten to three in the size protest program, and thus reduces the overall percentage from 4% to 2%.

## Finding 2: SBA's Monitoring Ensured Most Protests were Handled within Established Timeframes and Appendix II: Timely Resolution of Protests

The draft audit report states that "20 percent of protests were not processed within established timeframes." SBA would like to emphasize that the OIG determinations of timeliness of protest decisions was based on the completeness of data entered in protest log excerpts and not based on conducting an underlying assessment of the supporting documentation and files for the protest cases. OIG's inclusion of percentages on protest decision timeliness is misleading, as it only reflects OIG's assessment of whether dates were accurately documented in a spreadsheet column.

For status programs, the process for obtaining extensions from the Contracting Officer includes verbal extensions. While the logs may have had missing data, that does not indicate a protest decision was untimely. OIG reviewed only one tool that the Program uses to monitor protests (a spreadsheet). The log is not the only tool SBA uses or control in place to monitor a protest's progress. For example, the HUBZone program also records approved extensions in emails and tracks the protest progress in regular meetings. Furthermore, for the HUBZone program, the program Director conducted a review of the files and identified that 10 of the 12 protests in 2021 (83%) were decided within approved timeframes, and not the 50% as stated in the draft audit report.

SBA understands that having complete information in a log will assist in the monitoring of protest cases. SBA requests OIG update the final report to more clearly differentiate between

timely protest decisions and timely and accurate updates of protest logs, which represent only one tool used to monitor protests.

**OIG Recommendation 1:** Implement a process for each protest program to document complete and accurate records of all extensions and monitor to ensure timeliness of protest decisions to minimize disruptions to the award process.

**SBA's Response to Recommendation 1:** SBA agrees with the recommendation.

Management understands the importance of updated internal guidance and has already implemented changes to ensure the program protest logs are complete.

The WOSB, SDVOSB, and HUBZone Programs have already implemented processes to address the recommendation. These include procedures in an updated desk guide (WOSB), updated protest workflow (HUBZone), and updated protest logs that capture additional data fields (WOSB, SDVOSB and HUBZone).

Additionally, the Size Program will implement a new process for FY 2023 that size logs are to be housed in a centralized location with mandatory data fields, including a field for approved or denied extensions. This centralized location can be viewed by management. Further, SBA will reinforce its guidance in the Desk Guide that the email or electronic correspondence pertaining to the extension must be in the size protest file.

The Program offices will have processes in place to completely resolve this recommendation by October 15, 2022.

SBA would like to acknowledge the prodigious work of the size and status protests teams. In our view, the results of the audit validate the exceptional performance of our specialists and analysts, and their continued dedication to ensure protest decisions are timely and enforced to prevent ineligible offerors from benefitting from contracting opportunities.

Should you require additional information in this regard, please do not hesitate to contact Mr. Antonio Doss.