

**QUALITY OF SBA'S RECOVERY ACT DATA ON PUBLIC
WEBSITES**

Report Number: ROM 11-04

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U.S. Small Business Administration
Office Inspector General

Memorandum

To: Jonathan I. Carver
Chief Financial Officer

Date: March 22, 2011

David Robbins
Associate Administrator for Management and
Administration

Steven Smits
Associate Administrator for the Office of Capital
Access

From: /s/ Original Signed
Peter McClintock
Deputy Inspector General

Subject: Report on the Quality of SBA's Recovery Act Data on Public Websites
ROM 11-04

This report represents the results of our audit regarding the effectiveness of the Small Business Administration's (SBA) internal controls to ensure the quality of federal spending information that is made available to the public. The Office of Management and Budget (OMB) requires agencies to be accountable for the quality of federal spending information disseminated through public websites and to work to improve the quality and integrity of that information.¹

Our audit objectives were to (1) determine the accuracy of American Recovery and Reinvestment Act of 2009 (Recovery Act) contract awards, Microloans and Microloan technical assistance grants reported by SBA on public websites, and (2) assess the quality and completeness of information reported by recipients on the use of those funds in accordance with Section 1512 of the Recovery Act. We used the Recovery Accountability and Transparency Board's *Recipient Reporting & Data Quality – Final Review Guide* as a baseline to plan our audit.

In a prior audit² we found that officials in the SBA's Division of Procurement and Grants Management (DPGM) had not adequately defined the review process it would use to identify material omissions and/or significant reporting errors in contractor recipient reports. We also found that officials in the Office of Capital Access (OCA) had not drafted a policy for reviewing

¹ OMB M-10-06, *Open Government Directive* dated December 8, 2009 and OMB M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009* dated June 22, 2009.

² ROM 10-01, *SBA Readiness in Reviewing Recipient Reports on the Use of Recovery Act Funds* dated October 30, 2009

the quality of Microloan intermediary³ reports. We recommended that DPGM issue a procedural notice defining its data quality review process for contractor recipient reports and OCA define its process for evaluating the quality of data reported by Microloan intermediaries.

To determine the accuracy of Recovery Act award data reported by SBA, we interviewed selected officials from DPGM, OCA and contractor personnel to gain an understanding of the SBA's internal control processes, staff roles and responsibilities for ensuring data quality. We also utilized computer assisted audit techniques to analyze and reconcile SBA Recovery Act obligations, programs, and activities reported on public websites such as USASpending.gov,⁴ Federal Procurement Data System-Next Generation (FPDS.gov), and Recovery.gov.⁵

To assess the quality and completeness of recipient-reported information, we reviewed federal laws and regulations, and participated in walkthroughs with officials in DPGM, OCA and contractor personnel. We also reviewed the Agency's processes and procedures for conducting reviews to ensure that recipient reports are accurate, complete and timely pursuant to OMB guidance and discussed these documents with the appropriate program officials. Finally, we examined a judgmental sample of 10 recipient reports on FederalReporting.gov⁶ for contractors, 10 Microloans, and 10 Microloan technical assistance grants to ensure that obvious errors did not exist and to ensure that prime recipients reported on subrecipients. Our scope covered Recovery Act awards executed between April 2009 and September 2010. We performed our fieldwork between November 2010 and January 2011 in accordance with *Government Auditing Standards* prescribed by the Comptroller General of the United States.

This audit found that while Recovery Act contract award obligations, Microloans and Microloan technical assistance grants were reported to Recovery.gov in a relatively accurate manner, the same information was materially underreported to USASpending.gov. Also, information reported by recipients of SBA's Recovery Act funds contained erroneous and/or inaccurate information and did not include subrecipient information. Lastly DPGM officials did not provide adequate oversight of Panum Telecom LLC, the contractor it hired to perform their data quality reviews. These deficiencies occurred because SBA did not have sufficient internal control processes to provide reasonable assurance that reported information was correct. As a result, Recovery Act information was misleading and SBA was not compliant with provisions of the Federal Funding Accountability and Transparency Act of 2006 (Transparency Act) and OMB guidance regarding the quality and completeness of information reported on the use of Recovery Act funds. We are making 12 recommendations to research and resolve discrepancies in reported information and to establish and adequately deploy internal controls over the reporting of SBA award data.

SBA officials agreed with our findings and concurred with our recommendations. These officials have already initiated action to address the recommendations.

³ Intermediaries are qualified nonprofit community-based lenders who, in turn, provide Microloans of up to \$35,000 to local entrepreneurs and small business owners, in conjunction with technical assistance training.

⁴ USASpending.gov is OMB's response to meet the Transparency Act requirement. Data is obtained from FPDS.gov, which contains information about federal contract awards; and the Federal Assistance Award Data System (FAADSPlus), which contains information about grant awards.

⁵ Recovery.gov is OMB's website to track and report on Recovery Act spending.

⁶ FederalReporting.gov is the central government-wide data collection system for federal Agencies and recipients of federal awards under Section 1512 of the Recovery Act. Recipients access FederalReporting.gov in order to fulfill their reporting obligations. Federal Agencies, prime recipients and sub recipients are required to submit data on a quarterly basis for grants, loans, and federally awarded contracts under the Recovery Act.

BACKGROUND

Award Data Reported to Public Websites

The Transparency Act required OMB to ensure the existence and operation of a single searchable website for federal awards. Since January 2008, Federal agencies have been submitting federal spending⁷ information to USASpending.gov. The Agency's contract and grant awards are created in SBA's Contract Management System, PRISM, and transmitted into either FPDS.gov (contracts and orders) or the Federal Assistance Award Database (FAADSPlus) (grants) at the time of award. This award data is ultimately uploaded to USASpending.gov.

SBA Information Notice 0000-2094, *Ensuring Accurate Procurement Data Reporting to the Federal Procurement Data System-Next Generation (FPDS-NG) and Federal Assistance Award Database (FAADSPlus)* dated October 19, 2009 emphasizes the need to establish reporting procedures to ensure accurate and complete data in FPDS-NG and FAADSPlus. The notice stipulates that timeliness, accuracy, and completeness of this data is critical and must be ensured.

Effective October 1, 2010, and under an Agency reorganization, the procurement function was split from DPGM and now reports to the Chief Financial Officer (CFO). Consequently, we addressed the contract related recommendations in this report to the CFO.

Section 1512 – Recipient Reporting to FederalReporting.gov

Section 1512 of the Recovery Act requires each recipient of Recovery Act funds to report to FederalReporting.gov, not later than 10 days after the end of each calendar quarter, certain information regarding the use of those funds and detailed information on payments to vendors and subcontractors. The use of Recovery Act funds should be transparent and reported clearly, accurately, and in a timely manner. Federal agencies are required to perform data quality reviews to identify material omissions and/or significant errors in the reported information and to notify recipients of the need to make appropriate and timely changes. The detailed recipient reports are to be made available to the public on the Recovery.gov website no later than 30 days following the end of the quarter.

To provide its contractor recipient reporting quality control process, DPGM executed a contract with Panum Telecom LLC. The contract included certain reporting and document requirements that were to be submitted to the Chief of DPGM. Capital Access hired two temporary employees to perform its recipient reporting quality control processes.

RESULTS

DPGM Did Not Establish Adequate Internal Controls for Recovery Act Data on Public Websites

While SBA accurately reported Recovery Act contract and grant award obligations to Recovery.gov, such reporting to FPDS.gov and FAADSPlus was not consistent with obligations reported to USASpending.gov for the same period. Specifically, Recovery.gov reflected contract

⁷ Federal award includes grants, sub-grants, loans, awards, cooperative agreements, contracts, subcontracts, purchase orders, task orders and delivery orders.

award obligations totaling \$34,450,121,⁸ while USASpending.gov reflected contract award obligations totaling only \$12,822,978.⁹ We identified 66 Recovery Act contract award obligations totaling \$21,627,140 that were not, but should have been, posted to USASpending.gov. These awards are reflected in Appendix I: Recovery Act Contract Award Obligations Not in USASpending.gov and FPDS.gov.

Also, 13 contract award obligations totaling \$695,157 were reported to USASpending.gov and FPDS.gov as Recovery Act awards in error. We confirmed these awards were erroneously reported as Recovery Act because Recovery Act obligations were not used to fund the awards. See Appendix II: Contract Awards Erroneously Reported to USASpending.gov and FPDS.gov as Recovery Act.

Lastly, Recovery Act obligations for Microloan technical assistance grants reported to Recovery.gov did not reconcile to obligations for Recovery Act Microloan technical assistance grants reflected in USASpending.gov for the same period. Specifically, Recovery.gov reflects grant obligations totaling \$23,682,398, while USASpending.gov reflects grant obligations totaling only \$8,889,902. We identified 44 Recovery Act Microloan technical assistance grant obligations totaling \$14,792,496 that should have been, but were not, posted to USASpending.gov. These grant obligations are listed in Appendix III: Recovery Act Grants Not in USASpending.gov.

These discrepancies occurred because DPGM did not establish an adequate internal control environment for the preparation and dissemination of Recovery Act contract award and Microloan technical assistance grant data reported to public websites. As a result, SBA Recovery Act contract award obligations reported to USASpending.gov and FPDS.gov were materially understated by \$21,627,140, which represents a 63% error rate. In addition, Recovery Act Microloan technical assistance grant obligations reported to USASpending.gov were materially understated by \$14,792,496, which represents a 62% error rate. These discrepancies impaired the integrity and reliability, and limited the usefulness of SBA Recovery Act data made available to the public. Additionally, the Agency was not compliant with data quality provisions that are mandated by the Transparency Act.

Data Quality Reviews Did Not Identify All Obvious Errors, Ensure That Recipients Corrected Errors, or Verify Whether Subcontractor Information Had Been Reported

SBA reviews of recipient reports did not surface visible and recurring data quality issues. OMB guidance states that agencies must ensure the information provided in Section 1512 recipient reports is consistent with the award and the agency review is intended to identify “significant errors” or “material omissions” in these reports. Panum and OCA personnel performed data quality reviews over information reported by the recipients of SBA Recovery Act funds and released the recipients’ reports in FederalReporting.gov. However, significant reporting errors and material omissions were not always identified during these reviews or subsequently corrected by the recipients.

⁸ SBA Recovery Act Weekly Financial Report for periods ending 9/30/09 and 9/30/10 posted on www.Recovery.gov. Total contract obligations are \$39,845,874. Of that total, \$34,450,121 represents contract obligations net of payroll, employee reimbursements, travel, JP Morgan Chase transactions and other federal agencies.

⁹ Of the \$13,518,135 reported to those sites, 13 actions totaling \$695,157 were reported to USASpending.gov and FPDS.gov as Recovery Act in error. Therefore, this amount represents the corrected total that should have been reported to those sites (\$13,518,135 less \$695,157). See Appendix II: Awards Erroneously Reported to USASpending.gov and FPDS.gov as Recovery Act.

While performing our test work over information reported by recipients, we identified errors that had not been detected or revealed by Panum or OCA personnel during their data quality reviews. These errors included: missing or incorrect SBA award numbers; a missing street address; an incorrect funding agency code; unclear or overly general award descriptions such as “SBA 8A sole source,” “work to be accomplished,” “communications” and “SBAHQ-09-CC-0026 for US SBA;” and unclear descriptions of jobs created. The information provided in these description fields of the report did not provide transparency on the use of funds.

In addition, recipients were notified of additional errors that were not noted above. Panum notified contractors of an erroneous Treasury Appropriation Symbols (TAS) and government contracting officer code. Personnel from OCA notified intermediaries of incorrect loan numbers, total amount of sub-awards to individuals, percentage of completion regarding project status, activity code, and award dates, yet recipients did not correct this information.

Lastly, Panum did not verify whether subcontractor information had been reported to FederalReporting.gov. For example, DPGM executed awards with Copper River Information Technology, LLC and Isika Technologies to procure Dell computers, Microsoft software and licenses, and other computer equipment and supplies for the development of SBA’s Customer Relationship Management System (CRM). However, neither contractor reported on subsequent awards or funds paid to those companies in FederalReporting.gov. These contractors had not fully complied with Section 1512 reporting requirements. According to Panum personnel, they did not fully understand the scope of any given contract to validate whether a prime was accurately reporting the use of subcontractors.

We concluded that errors continued to exist and were uploaded to other public websites because neither Panum nor OCA personnel took actions to ensure that contractors and intermediaries had corrected errors prior to releasing the reports in FederalReporting.gov. Also subcontractors had not reported on the use of Recovery Act funds due to the lack of procedures and oversight by DPGM and Panum personnel to ensure that use of funds for both prime and subcontractors were reported to FederalReporting.gov. These deficiencies led to information that could possibly mislead the public or fail to provide sufficient information to discern the award’s purpose and activities.

The implementation of the Transparency Act has brought about a need to provide the public with an unprecedented level of transparency into how federal dollars are being spent and will help drive accountability for the timely, prudent, and effective spending of federal dollars. Until such time that SBA develops and implements a sound data quality framework, significant reporting errors and data inconsistencies will continue to exist in data reported on public websites.

DPGM Did Not Provide Adequate Oversight of its Contractor Activities

Although Panum’s contract stipulated that the contractor prepare a procedural document (step by step) on recipient reporting requirements, Panum had not done so. This occurred because DPGM’s contract monitoring process did not ensure that Panum adhered to the terms of its contract or delivered the procedural notice as required by OMB guidance. The OIG previously identified this need, and to correct this weakness DPGM agreed to develop a procedural notice that specified Agency and contract award recipients’ roles and responsibilities. Rather than issue this notice and develop related procedures, DPGM included the creation of this notice and procedures in the statement of work for Panum. We found that Panum had not developed the notice and operating procedures. During interviews, Panum personnel told us they were not

aware of the requirement to develop the procedural notice and they were not sure who the actual DPGM point of contact was for this task.

While the implementation of processing standards and procedures do not guarantee that all significant errors and material omissions will be prevented, they facilitate communication between SBA and contractors, and provide a basis for SBA to assess contractor compliance with the Section 1512 provisions.

RECOMMENDATIONS:

We recommend the Chief Financial Officer:

1. Research the \$21,627,140 in Appendix I to determine whether the award has been made or the funds should be de-obligated. This research should result in these actions being posted to FPDS.gov.
2. Utilize PRISM and JAAMS reports and perform routine reconciliation of executed awards to awards posted in FPDS.gov. This will ensure that awards are timely transmitted in PRISM and corresponding awards in FPDS.gov and USASpending.gov are accurate and complete.
3. Deploy an independent statistical verification and validation of all SBA contracts awarded and subsequently reported to FPDS.gov.
4. Research the \$695,157 in Appendix II to determine the disposition of these awards and whether Recovery Act obligations were actually used to fund the awards. If not, these awards need to be corrected in PRISM, FPDS.gov, and the contract files.
5. Develop and implement a data quality plan that documents processes to ensure timely, accurate, and complete submission of contract data to USASpending.gov.
6. Take immediate action to remedy Panum Telecom LLC's nonperformance on the contract.
7. Implement continuous monitoring procedures to ensure that contractor-reported information is correct and accurate, and that all prime contractors are accurately reporting the use of subcontractors.

We also recommend also the Associate Administrator for Management and Administration:

8. Research and resolve the \$14,792,496 discrepancy shown in Appendix III to determine whether the award has been made or the funds should be de-obligated.
9. Deploy vigorous quality controls such utilizing system generated reports to ensure that grant awards are validated and released prior to transmitting grant data to USASpending.gov.
10. Perform periodic reviews of grant data reported to USASpending.gov to ensure that data is accurate and complete in compliance with the Transparency Act.

11. Work collaboratively with the CFO to develop and implement a data quality plan that documents processes to ensure timely, accurate and complete submission of grant data to USASpending.gov.

Lastly, we recommend the Associate Administrator for the Office of Capital Access:

12. Implement continuous monitoring to ensure that intermediary-reported information is correct and accurate.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

On March 4, 2011, we provided a draft of this report to SBA for comment. On March 18, 2011, the CFO, Associate Administrator for M&A and OCA's Director of Financial Assistance provided written comments, which are contained in their entirety in Appendices IV, V and VI. SBA agreed with the findings and concurred with all of the recommendations. A summary of management's comments follows.

Recommendations 1-7

The CFO concurred with the finding and agreed to implement the recommendations. Refer to Appendix IV.

Recommendations 8-11

The Associate Administrator for M&A concurred with the finding and recommendations. Refer to Appendix V.

Recommendation 12

The OCA's Director of Financial Assistance concurred with the finding and also agreed to implement the recommendation. See Appendix VI.

OIG Response

While the Associate Administrator for M&A concurred with the recommendations, no actions were proposed to address the recommendations. Therefore, we do not consider these comments to be fully responsive.

ACTIONS REQUIRED

Please provide your management response for each recommendation on SBA Form 1824, *Recommendation Action Sheet*, within 30 days from the date of this report. Your responses should identify the specific actions taken or planned to fully address each recommendation and the target dates for completion.

We appreciate the courtesies and cooperation of the Agency officials during this audit. If you have any questions concerning this report, please call me at (202) 205-6586, or Jeffrey R. Brindle, Director Information Technology and Financial Management, at (202) 205-7490.

**APPENDIX I: RECOVERY ACT CONTRACT AWARD OBLIGATIONS NOT IN
USASPENDING.GOV AND FPDS.GOV**

#	PO Invoice	Vendor Name	Posted Date	Total Obligations SUM
1	0503511QRA0012	APEX ENGINEERED SOLUTIONS	09/25/10	\$158,000.00
2	0503511QRA0012	APEX ENGINEERED SOLUTIONS	09/25/10	\$592,000.00
3	0503511QRA0012	APEX ENGINEERED SOLUTIONS	09/25/10	\$750,000.00
4	0503511QRA0012	APEX ENGINEERED SOLUTIONS	09/25/10	\$1,250,000.00
5	0503511QRA0013	BRILLIANT CORPORATION	09/25/10	\$6,591.76
6	0503511QRA0013	BRILLIANT CORPORATION	09/25/10	\$250,000.00
7	0503511QRA0013	BRILLIANT CORPORATION	09/25/10	\$385,000.00
8	0503511QRA0013	BRILLIANT CORPORATION	09/25/10	\$615,000.00
9	0503511QRA0013	BRILLIANT CORPORATION	09/25/10	\$750,000.00
10	0501001QRA0001	CATAPULT CONSULTANTS, LLC	07/06/10	\$591.00
11	0501001QRA0001	CATAPULT CONSULTANTS, LLC*	07/06/10	\$2,121.00
12	0503300QRA006	CDFI COALITION	06/15/10	\$1,000.00
13	0205070RAT0196	CITY OF BROOKLYN CENTER	09/14/10	\$3,590.00
14	0205070RAT0101	COACHELLA VALLEY ECONOMIC PARTNERSHIP	04/05/10	\$4,994.99
15	0501001QRA0003	COLSON SERVICES CORP	09/24/10	\$700,000.00
16	0501001QRA0003	COLSON SERVICES CORP	09/24/10	\$900,000.00
17	0501001QRA0003	COLSON SERVICES CORP	09/24/10	\$2,074,700.00
18	0304010QRA0020	COMPU DYNAMICS, LLC	09/20/10	\$349,076.00
19	0304010QRA0018	COPPER RIVER INFORMATION TECHNOLOGY, LLC	08/27/10	\$75,730.14
20	9205040RAQ0001	CORPORATE VISIONS INC	05/15/09	\$9,680.00
21	0205070RAT0209	COSE GROUP SERVICES, INC	09/23/10	\$6,500.00
22	0503300QRA0001A	CREDIT BUILDERS ALLIANCE, INC	02/25/10	\$87,740.00
23	0205070QRA0188	DAVE LINDEN GROUP, INC	09/03/10	\$7,310.00
24	0304010QRA0021	DELL MKTG L P	09/02/10	\$998,552.12
25	0304010QRA0008	DIAMOND INFORMATION SYSTEMS LLC	09/20/10	\$87,429.00
26	0304010QRA0008	DIAMOND INFORMATION SYSTEMS LLC	09/20/10	\$300,000.00
27	9304050Q0082	DIGITAL MANAGEMENT INC	09/25/09	\$20,843.56
28	0304010QRA0017A	DIGITAL MANAGEMENT INC	09/10/10	\$60,941.76
29	0304010QRA0017B	DIGITAL MANAGEMENT INC	09/10/10	\$182,825.28
30	0304010QRA0009	DIGITAL MANAGEMENT INC*	06/15/10	\$3,700.00
31	0205010QRA0004	DRT STRATEGIES	09/29/10	\$12,075.00
32	0304010QRA0013	DRT STRATEGIES	08/25/10	\$260,000.00
33	0304010QRA0013	DRT STRATEGIES	08/25/10	\$351,146.00

34	0304010QRA0013	DRT STRATEGIES	08/25/10	\$50,877.00
35	9501001QRA0005	DUN & BRADSTREET INC	08/12/09	\$250,000.00
36	0502010QRA0001	DUN & BRADSTREET INC	09/25/10	\$837,470.00
37	9501001QRA0002	EQUIFAX INFORMATION SERVICES LLC	07/13/09	\$500.00
38	9208060QRA0056	ERNST & YOUNG LLP PNC BANK	05/26/09	\$51,775.00
39	9501001QRA0001	EXPERIAN	08/10/09	\$53,163.00
40	0208060QRA0001A	FI CONSULTING	09/19/10	\$10,000.00
41	0208060QRA0001A	FI CONSULTING	09/19/10	\$90,000.00
42	0205070QRA0173	GLOBAL EXPERIENCE SPECIALISTS,INC	07/21/10	\$5,502.00
43	0205070RAT0194	IMPERIAL PALACE OF MS	08/27/10	\$4,635.40
44	9304010QRA0005	ITECHNOLOGIES, INC	09/28/09	\$127,740.00
45	0208090QRA002A	KEARNEY & COMPANY	08/25/10	\$9,835.08
46	0802000QRA2001A	KPMG LLP	09/14/10	\$146,080.00
47	0205070QRA0187	KRIKORIAN MARKETING GROUP	08/26/10	\$7,000.00
48	0504010QRA0028	MARRIOTT INTERNATIONAL, INC	09/21/10	\$25,000.00
49	0205070QRA0172	METROPOLITAN PIER & EXPOSITION AUTHORITY	09/28/10	\$5,927.35
50	0304010QRA0003	MULHEARN WILSON CONSTRUCTORS,INC	03/23/10	\$9,675.00
51	0205070RAT0195	NATIONAL ASSOCIATION OF GOVERNMENT GUARA	09/07/10	\$6,500.00
52	0504010QRA0025	O-H COMMUNITY PARTNERS, LTD	09/22/10	\$1,500,000.00
53	0304010QRA0022	ONE SOURCE GROUP, INC	09/25/10	\$400,000.00
54	0303010QRA0002	PANUM TELECOM LLC	09/29/10	\$143,419.60
55	0303010RAQ0001	PANUM TELECOM LLC	07/09/10	\$321,899.71
56	0205070QRA0174	PRODUCTION RESOURCE GROUP LLC	07/21/10	\$15,008.00
57	0504010QRA0027B	REI SYSTEMS, INC	09/22/10	\$913,860.28
58	0504010QRA0026C	REI SYSTEMS, INC	09/23/10	\$1,078,304.00
59	0802000QRA2003	RER SOLUTIONS	02/19/10	\$600,000.00
60	0802000QRA2003	RER SOLUTIONS*	02/19/10	\$61,599.00
61	0504010QRA0024A	ROCK CREEK PUBLISHING GROUP,INC	09/22/10	\$475,000.00
62	0304030MRA0144	SHI INTERNATIONAL CORP	09/21/10	\$863,987.91
63	0208070QRA0025	SRA CORP	04/12/10	\$120,000.00
64	0208070QRA0019	SRA CORP	06/06/10	\$800,398.00
65	9208060QRA0051	TOUCHSTONE GLOBAL LLC	08/05/09	\$196,075.00
66	0304010QRA0019	TVAR SOLUTIONS, LLC	09/01/10	\$1,188,770.86
			Total	\$21,627,139.80

* Remaining from partially funded PO

**APPENDIX II: AWARDS ERRONEOUSLY REPORTED TO USASPENDING.GOV
AND FPDS.GOV AS RECOVERY ACT**

Source: Awards Reflected in USASpending.gov and FPDS.gov, By Vendor Name					JAAMS
#	Contract Number	Vendor Name	Post Date	Dollars Obligated	Disposition
1	SBAHQ10F0147	CITRIX SYSTEMS INC	5/19/2010	\$5,800.00	Obligation for this amount was not found
2	SBAHQ10M0158	CITRIX SYSTEMS, INC.	5/14/2010	\$27,095.19	Salaries and Expenses Fund 0100
3	SBAHQ10M0203	CQ-ROLL CALL, INC.	6/30/2010	\$4,200.00	Salaries and Expenses Fund 0100
4	SBAHQM0116	EDWARDS & HILL COMMUNICATIONS	9/15/2009	\$5,183.53	Obligation for this amount was not found
5	SBAHQ09D0017	FUENTES FERNANDEZ AND COMPANY PSC	5/12/2010	\$242,992.50	Salaries and Expenses Fund X0100
6	SBA0012	ISIKA TECHNOLOGIES INC	5/19/2010	\$6,696.00	Salaries and Expenses Fund X0100
7	SBA0011	ISIKA TECHNOLOGIES INC	5/14/2010	\$25,300.00	Obligation for this amount was not found
8	SBAHQ09C0040	KAUFFMAN & ASSOCIATES, INC.	7/02/2010	(\$100,000.00)	De-obligation for this amount was not found
9	SBAHQ07M0522	NINETEEN INCORPORATED	5/18/2010	\$68,640.00	Salaries and Expenses Fund 0100
10	SBAHQ05D0009	TKC INTEGRATION SERVICES LLC	6/15/2009	\$73,575.00	Salaries and Expenses Fund 0200
11	SBAHQ09CC0003	TKC INTEGRATION SERVICES LLC	8/17/2009	\$9,672.00	Obligation for this amount was not found
12	SBAHQ04F0228	TOUCHSTONEGLOBAL	6/29/2010	(\$91,496.73)	De-obligation for this amount was not found
13	SBAHQ09C0021	WASHINGTON PRODUCTS AND SERVICES, INC.	4/8/2010	\$417,500.00	Vendor was not found
			Total	\$695,157.49	

APPENDIX III: RECOVERY ACT GRANTS NOT IN USASPENDING.GOV

COUNT	OBLIGATION	AWARD DATE	VENDOR NAME
1	116,118.00	5/6/2010 10:48	ENTERPRISE DEVELOPMENT CORPORATION
2	121,949.00	5/6/2010 10:30	STRUCTURED EMPLOYMENT ECON DEV CO
3	139,195.00	5/17/2010 8:03	NORTHERN MAINE DEV COMMISSION 1
4	141,287.00	5/17/2010 7:57	BUSINESS INVEST IN GROWTH INC
5	144,597.00	5/25/2010 7:28	LATINO ECONOMIC DEVELOPMENT CORPORATION
6	153,161.00	6/14/2010 9:10	ECONOMIC DEVELOPMENT CORPORATION OF SAN JUAN
7	154,293.00	8/3/2010 13:18	ADIRONDACK ECONOMIC DEVELOPMENT CORP
8	156,445.00	5/25/2010 7:33	RURAL ENTERPRISES OF OKLA INC
9	175,351.00	5/17/2010 8:13	SOUTHERN MINNESOTA INITIATIVE FOUNDATION
10	183,107.00	5/6/2010 10:47	WEST CENTRAL NEBRASKA DEV DIST
11	189,123.00	6/14/2010 8:49	MOUNTAIN ASSOCIATION FOR COMMUNITY ECONOMIC DEVELOPMENT
12	189,745.00	5/6/2010 10:23	BOC CAPITAL CORPORATION
13	197,636.00	5/6/2010 10:49	CENTER FOR COMMUNITY DEV INC
14	204,938.00	5/12/2010 6:54	ANDROSCOGGIN VALLEY COUNCIL OF GOVERNMENTS
15	206,862.00	6/14/2010 8:40	COMMUNITY FIRST FUND
16	244,755.00	5/26/2010 8:29	LAKE AGASSIZ REGIONAL DEV CORP 1
17	246,028.00	5/12/2010 6:49	COMM DEV CORP LONG ISLAND
18	246,590.00	5/6/2010 10:39	WASHINGTON CO COUNCIL ECON DEV
19	247,399.00	6/14/2010 9:01	NORTHERN ECON INITIATIVES CO
20	258,366.00	5/6/2010 10:32	CA COASTAL RURAL DEV CORP
21	259,177.00	6/14/2010 9:04	WESTERN MASSACHUSETTS ENT FUND
22	271,670.00	5/5/2010 11:25	SMALL BUSINESS ASSISTANCE CO
23	293,957.00	5/20/2010 10:39	CENTER FOR EMPOWERMENT & ECONOMIC DEVELOPMENT
24	296,792.00	5/6/2010 6:44	VALLEY ECONOMIC DEV CENTER INC
25	319,386.00	5/17/2010 8:12	SAN ANTONIO LOCAL DEV CO SOUTH TEXAS BUSINESS FUND
26	328,333.00	5/17/2010 8:18	NORTHERN COMM INVESTMENT COR
27	353,307.00	5/25/2010 7:41	NORTHEAST ENTREPRENEUR FUND IN
28	357,064.00	5/14/2010 8:46	BUSINESS LOAN FUND OF THE PALM BEACHES INC
29	366,597.00	5/6/2010 10:51	SOUTH EASTERN ECONOMIC DEVELOPMENT CORP CORP
30	367,288.00	5/6/2010 10:43	OBDC SMALL BUSINESS FINANCE
31	398,826.00	6/14/2010 8:37	KENTUCKY HIGHLANDS INVESTMENT
32	407,574.00	5/12/2010 7:01	ACCION TEXAS INC
33	418,007.00	5/11/2010 8:18	COMM ECONOMIC DEV FUND FOUNDATION
34	452,810.00	5/12/2010 6:49	COMM DEV CORP LONG ISLAND
35	462,498.00	6/14/2010 8:53	CONNECTICUT COMMUNITY INVESTME
36	463,929.00	6/14/2010 9:07	WISCONSIN WOMENS BUSINESS INIATIVE CORPORATION
37	466,386.00	6/21/2010 8:23	COASTAL ENTERPRISES INC
38	518,979.00	6/14/2010 8:27	CENTER FOR RURAL AFFAIRS
39	588,825.00	5/17/2010 8:07	RICHMOND ECON DEV CORP
40	619,551.00	5/19/2010 8:42	TRENTON BUSINESS ASST CORP
41	663,222.00	5/17/2010 7:50	BRIDGEWAY CAPITAL
42	730,923.00	5/6/2010 10:40	COMMUNITY VENTURES CORP
43	826,511.00	5/6/2010 14:59	COLORADO ENTERPRISE FUND
44	843,939.00	5/17/2010 7:59	UNION COUNTY ECONOMIC DEVLV
	14,792,496.00		

APPENDIX IV: CFO COMMENTS



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

To: Peter L. McClintock
Deputy Inspector General

From: Jonathan I. ~~Cawver~~ [FOIA ex. 6]
Chief Financial Officer

Date: March 18, 2011

Re: Draft Report, Quality of SBA's Recovery Data on Public Websites, Project
Number 11501 - Response to Recommendation Nos. 1-7

We appreciate the opportunity to review your draft audit entitled "Quality of SBA's Recovery Data on Public Websites." The Office of the Chief Financial Officer (OCFO) has reviewed the findings and contracting-related recommendations of Project 11501 and is providing a written response to recommendations 1 through 7.

As noted in the Draft Report, this report reviews contracting actions taken prior to the realignment of the Acquisition Division under the OCFO. Since this reorganization the OCFO has taken a number of steps to address Data Quality issues including:

- Ending SBA's contract with Panum Telecom LLC
- Beginning the process to hire an Independent Verification and Validation Contractor
- Working with the Office of Management and Budget (OMB) to address Data Quality issues

Recommendations and Responses

In addition to these general comments above the OCFO has prepared responses to the seven contracting-related recommendations made in the report.

1. **We recommend that the Chief Financial Officer research the \$21,627,140 in Appendix 1 to determine whether the award has been made or the funds should be deobligated. This research should result in these actions being posted to FPDS.gov.**

Concur. A secondary analysis has already identified nearly \$5 million as being accurately reflected in FPDS. The Acquisition Division will research the status of the items listed in Appendix 1. The Acquisition Division will verify that these actions have been posted in FPDS, post them in FPDS, or deobligate funds as necessary.

- 2. We recommend that the Chief Financial Officer utilize PRISM and JAAMS reports and perform routine reconciliation of executed awards to awards posted in FPDS.gov. This will ensure that awards are timely transmitted in PRISM and corresponding awards in FPDS.gov and USASpending.gov are accurate and complete.**

Concur. The Acquisition Division is working with the Office of Financial Systems to draft new edit checks to apply to data before it is transferred to FPDS. These edit checks will be completed by January 1, 2012 and are detailed in the revised Data Quality Plan (see attached).

- 3. We recommend that the Chief Financial Officer deploy an independent verification and validation of all SBA transactions awarded and subsequently reported to FPDS.gov**

Concur. The OCFO is hiring a contractor to perform independent verification and validation checks of FPDS data elements identified in cooperation with OMB. This contract will be in place by May 2011. After the initial data quality check is complete OCFO will examine the feasibility of pursuing a larger data quality check based on available resources.

- 4. We recommend that the Chief Financial Officer research the \$695,157 in Appendix 2 to determine the disposition of these awards and whether Recovery Act funds were actually used funds in the awards. If not, these awards need to be corrected in PRISM, FPDS.gov and the contract files.**

Concur. The Acquisition Division will research the Obligations in Appendix 2 to determine whether Recovery Act funds were used, and will make appropriate corrections in FPDS, PRISM and the contract files.

- 5. We recommend that the Chief Financial Officer fully develop and implement a data quality plan that documents processes to ensure timely, accurate and**

complete submission of contracts data to USASpending.gov.

Concur. The OCFO revised the contracts section of its Data Quality Plan in February 2011 to address Data Quality issues identified by the OCFO and past Office of the Inspector General Reports. A copy of the revised plan is attached.

- 6. We recommend that the Chief Financial Officer take immediate action to remedy Panum Telecom LLC's nonperformance on the contract.**

Concur. The OCFO has ended its contract with Panum Telecom LLC. Panum Telecom LLC will stop providing services on March 31, 2011.

- 7. We recommend that the Chief Financial Officer implement continuous monitoring procedures to ensure that contractor-reported information is correct and accurate, and that all prime contractors are accurately reporting the use of subcontractors.**

Concur. The OCFO revised the contracts section of its Data Quality Plan in February 2011 to address Data Quality issues identified by the OCFO and past Office of the Inspector General Reports. A copy of the revised plan is attached.

APPENDIX V: M&A COMMENTS



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

Date: March 18, 2011

To: Peter McClintock
SBA Deputy Inspector General

From: David Robbins [FOIA ex. 6]
Associate Administrator for Management & Administration (M&A)

Subject: M&A's Response to Project No. 11501: Quality of Recovery Act
Data on Public Websites

We appreciate the opportunity to review your draft audit entitled "Quality of SBA's Recovery Data on Public Websites." The Office of Management & Administration (OM&A) has reviewed the findings and grants management related recommendations of Project 11501 and is providing a written response to recommendations 8 through 11.

8. Research and resolve the \$14,792,496 discrepancy shown in Appendix 3 to determine whether the award has been made or the funds should be de-obligated.

Concur.

9. Deploy vigorous quality controls such as utilizing system generated reports to ensure that grant awards are validated and released prior to transmitting grant data to USASpending.gov.

Concur.

10. Perform periodic reviews of grant data reported to USASpending.gov to ensure that data is accurate and complete in compliance with the Transparency Act.

Concur.

11. Work collaboratively with the CFO to develop and implement a data quality plan that documents processes to ensure timely, accurate and complete submission of grant data to USASpending.gov.

Concur.

APPENDIX VI: OCA COMMENTS



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20415

Date: March 18, 2011

To: Peter McClintock
SBA Deputy Inspector General

From: Grady Hedgespeth [FOIA ex. 6]
Director Office of Financial Assistance

Subject: Agency Response to Project No. 11501: Quality of Recovery Act Data on Public Websites

In response to your March 4, 2011 report on data quality, the Office of Capital Access concurs with the OIG recommendation to implement continuous monitoring of intermediary-reported information. We have stepped up our efforts to monitor these data and are in the process of automating several aspects of the review.