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Business and Entrepreneurship, U.S.
Senate

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SMALL AND DISADVANTAGED BUSINESSES

Most Agency Advocates View Their Roles Similarly





Highlights of [GAO-04-451](#), a report to the Committee on Small Business and Entrepreneurship, U.S. Senate

SMALL AND DISADVANTAGED BUSINESSES

Most Agency Advocates View Their Roles Similarly

Why GAO Did This Study

The Small Business Act is one of several laws designed to enhance the participation of small and disadvantaged businesses in federal procurement—a market that reached more than \$200 billion in fiscal year 2002. Section 15(k) of the act requires that all federal agencies with procurement powers establish an Office of Small and Disadvantaged Business Utilization (OSDBU) and specifies eight functions that OSDBU directors are responsible for carrying out in their roles as advocates for small businesses. GAO surveyed OSDBU directors at 24 agencies to obtain information on the extent to which the respondents (1) viewed the functions listed in section 15(k) as functions of their offices, (2) viewed other potential activities as OSDBU duties, and (3) saw potential challenges to carrying out their functions.

What GAO Found

At least 19 OSDBU directors, or almost 80 percent, said that they viewed five of the eight functions identified in section 15(k) as their duties. A smaller majority of OSDBU directors (from 13 to 17) viewed the remaining three functions as responsibilities of their offices. However, the extent to which respondents said they carried out these functions varied. Directors who did not view all of the functions as responsibilities of their offices provided explanations. For example, the OSDBU directors at the Departments of the Army and the Navy explained that their role is one of developing policy for small business programs at their agencies.

Most of the OSDBU directors responded that they also viewed functions other than those listed in section 15(k) as their responsibilities. These functions included outreach activities, such as holding meetings and hosting conferences for small businesses and trade associations, and reviewing plans for how prime contractors would use small businesses as subcontractors. A much smaller number of respondents reported that they viewed participating in their agencies' procurement process as one of their duties.

While most OSDBU directors reported experiencing few challenges in carrying out their responsibilities, some reported challenges in three areas—lack of influence in the procurement process, limited budgetary resources, and lack of adequate staffing levels.

Survey Results from 24 OSDBU Directors on Section 15(k) Functions

| Section 15(k) functions | Number of OSDBU directors viewing function as a current duty |
|---|--|
| Supervisory authority over personnel with the duties and functions of OSDBU | 22 |
| Working with agency acquisition officials to revise procurement strategies for bundled contract requirements to increase small business participation | 22 |
| Attempting to identify solicitations that involve bundling of contract requirements | 21 |
| Assisting small businesses to obtain payments from your agency | 20 |
| Facilitating small business participation as subcontractors to bundled contracts | 19 |
| Assisting small businesses to obtain payments from prime contractors | 17 |
| Reviewing individual acquisitions for small business contract awards | 17 |
| Assigning a small business technical advisor | 13 |

Source: GAO analysis of survey data.

www.gao.gov/cgi-bin/getrpt?GAO-04-451.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David G. Wood at (202) 512-8678 or woodd@gao.gov.

Contents

Letter

| | |
|---|----|
| | 1 |
| Background | 2 |
| Results in Brief | 5 |
| Almost All of the OSDBU Directors Viewed Most Section 15(k) Functions as Duties of Their Offices | 7 |
| OSDBU Directors Reported Performing Additional Activities as Well as Their Section 15(k) Functions | 17 |
| Most OSDBU Directors Saw Few Challenges to Carrying Out Their Responsibilities | 19 |
| Scope and Methodology | 20 |
| Agency Comments and Our Evaluation | 22 |

Appendixes

| | |
|---|----|
| Appendix I: Twenty-four Agencies Surveyed on OSDBU Roles and Functions | 24 |
| Appendix II: Summary of GAO Survey Results from 24 OSDBU Directors | 25 |
| Introduction | 25 |
| OSDBU Roles in Agency Procurement | 25 |
| Appendix III: GAO Contact and Staff Acknowledgments | 44 |
| GAO Contacts | 44 |
| Staff Acknowledgments | 44 |

Figures

| | |
|---|----|
| Figure 1: Survey Results from 24 OSDBU Directors on Section 15(k) Functions | 8 |
| Figure 2: Level of OSDBU Activity on Contract Bundling Functions | 10 |
| Figure 3: Level of OSDBU Activity of Reviewing Individual Acquisitions for Small Business Set-asides | 12 |
| Figure 4: Level of OSDBU Director Cooperation and Consultation with SBA | 13 |
| Figure 5: OSDBU Directors' Reporting Challenges | 20 |

Abbreviations

| | |
|-------|--|
| DLA | Defense Logistics Agency |
| DOD | Department of Defense |
| DOT | Department of Transportation |
| FAR | Federal Acquisition Regulation |
| GSA | General Services Administration |
| HUD | Department of Housing and Urban Development |
| NASA | National Aeronautics and Space Administration |
| OMB | Office of Management and Budget |
| OPM | Office of Personnel Management |
| OSDBU | Office of Small and Disadvantaged Business Utilization |
| SBA | Small Business Administration |
| SSA | Social Security Administration |
| USAID | U.S. Agency for International Development |

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United States General Accounting Office
Washington, D.C. 20548

March 22, 2004

The Honorable Olympia J. Snowe
Chair
The Honorable John F. Kerry
Ranking Minority Member
Committee on Small Business and Entrepreneurship
United States Senate

During the last 25 years, Congress has enacted several laws designed to foster small business participation in federal procurement—a market that reached more than \$200 billion in fiscal year 2002. One of these laws, Public Law 95-507, enacted in 1978, amended section 15 of the Small Business Act (15 U.S.C. § 644) to require that all federal agencies with procurement powers establish an Office of Small and Disadvantaged Business Utilization (OSDBU) and appoint a director to head the office. Under this act, the OSDBU is responsible for helping to oversee the agency's functions and duties related to the awarding of contracts and subcontracts to small and disadvantaged businesses. Paragraphs (4)-(10) of section 15(k) of the act specify a number of functions that OSDBU directors are responsible for carrying out in their roles as advocates for small businesses.

On September 4, 2003, we issued a report to you assessing federal agencies' compliance with section 15(k)(3) of the Small Business Act, which requires that the OSDBU director be responsible to and report only to agency heads or deputy heads. The report covered the 24 federal agencies that procured at least \$200 million or more in goods and services in fiscal year 2001.¹ As requested, this current report provides additional information on the views of the OSDBU directors regarding their functions within the agencies. Specifically, we obtained information on the extent to which the OSDBU directors (1) viewed the functions listed in section 15(k) as the duties of their offices, (2) viewed other potential functions as OSDBU duties, and (3) saw any potential challenges to their ability to carry out their duties.

¹See U.S. General Accounting Office, *Small and Disadvantaged Businesses: Some Agencies' Advocates Do Not Report to the Required Management Level*, [GAO-03-863](#) (Washington, D.C.: Sept. 4, 2003).

To address these objectives, we administered a Web-based questionnaire to 24 OSDBU directors between May 2003 and September 2003.² The questionnaire asked the directors about their functions in three areas: (1) participation in the agency procurement process, (2) facilitation of small business participation in agency contracting, and (3) interaction with the Small Business Administration (SBA). The three areas covered OSDBU functions listed in section 15(k) of the Small Business Act as well as functions mentioned by OSDBU directors during our preliminary interviews with them. In addition, the questionnaire asked the directors what challenges they faced in carrying out their responsibilities. All 24 OSDBU directors responded to the questionnaire.³ In order to understand the basis of their responses, we conducted follow-up interviews with those directors who indicated that one or more of the functions listed in section 15(k) were not functions of their OSDBU. However, we did not assess the 24 agencies' compliance with the provisions of section 15(k). We conducted our work in accordance with generally accepted government auditing standards.

Background

The federal government purchases billions of dollars in goods and services each year in a structured process regulated by the Federal Acquisition Regulation (FAR). The FAR establishes uniform policies and procedures for the acquisition of supplies and services. For the purpose of our survey, we divided the procurement process into four steps:

- *Acquisition planning* involves developing an overall management strategy for the procurement process for a potential contract. It takes place well in advance of a contract's award date and generally involves both a close partnership between the program and procurement offices and the involvement of other key stakeholders.

²See appendix I for the list of agencies that participated in the survey.

³See appendix II for a summary of the OSDBU directors' responses to the questionnaire.

-
- *Solicitation development* is the process of preparing requests for vendors to submit offers, or bids. Solicitations can be conducted using various procedures, such as sealed bids, negotiation, or a simplified acquisition.⁴
 - *Proposal evaluation* occurs after potential contractors submit proposals that outline how they will fulfill the solicitation requirements. Contracting officers evaluate quotations and award the contract.
 - *Monitoring*, also known as surveillance, helps to determine a contractor's progress and identify any factors that may delay performance.

The federal government's long-standing policy has been to maximize procurement opportunities for small, small disadvantaged, and women-owned businesses. To ensure that small businesses receive a share of federal procurement contract dollars, Congress has mandated that SBA negotiate annual procurement goals with each federal agency. Congress has also amended the Small Business Act several times to increase small business participation in the federal procurement marketplace. For example, the Business Opportunity Reform Act of 1988 amended the Small Business Act to require the President to establish an annual governmentwide goal of awarding not less than 20 percent of prime contract dollars to small businesses.⁵ The Small Business Reauthorization Act of 1997 further amended the Small Business Act to increase the goal to not less than 23 percent. To help meet this goal, SBA annually establishes prime contract goals for all categories of small businesses for each federal agency.⁶ Although SBA is responsible for coordinating with executive

⁴The use of sealed bids is a method of contracting that uses competitive bidding where the award is made generally on the basis of cost. For negotiated contracts, bids are not sealed. Agencies use negotiation when it may be in the best interest of the government to consider awarding the contract on a basis other than the lowest price. Agencies use simplified acquisition procedures to the maximum extent practicable for all purchases of supplies or services not exceeding a certain threshold, generally \$100,000. Purchases can be made through various streamlined means, including governmentwide commercial purchase cards, purchase orders, and blanket purchase agreements.

⁵A prime contract is any direct contract between the government and a contractor.

⁶The small business categories include small businesses; women-owned small businesses; small disadvantaged businesses, including section 8(a) and non-section 8(a) disadvantaged businesses; HUBZone small businesses; veteran-owned small businesses; and service-disabled, veteran-owned small businesses.

branch agencies to prompt the federal government toward this mandated goal, agency heads are responsible for achieving the small business goals within their agencies.

Section 15(k) of the Small Business Act describes eight functions of OSDBU directors as follows:⁷

- Identifying solicitations that involve bundled contract requirements.⁸
- Working with agency procurement officials to revise bundled contracts to increase the probability of participation by a small business.
- Facilitating the participation of small businesses as subcontractors for bundled contracts.
- Assisting small businesses in obtaining payments from an agency with which it has contracted.
- Helping small businesses acting as subcontractors to obtain payments from prime contractors.⁹
- Making recommendations to agency contracting officers regarding whether a particular contract should be awarded to a small business.¹⁰
- Maintaining supervisory authority over OSDBU personnel.
- Cooperating and consulting on a regular basis with SBA in carrying out OSDBU functions and duties, and assigning a small business technical

⁷These functions are also part of section 19.201(d) of the FAR, the implementing regulation for section 15(k) of the Small Business Act.

⁸The Small Business Reauthorization Act of 1997 defines the bundling of contract requirements as the consolidation of two or more procurement requirements for goods or services previously provided or performed under separate, smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small business concern.

⁹A subcontractor is any person, other than the prime contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract.

¹⁰Under section 15(k), the OSDBU director is to make recommendations regarding whether a particular contract should be awarded to a small business under certain programs designed to promote contracting opportunities for small businesses.

advisor to each office where SBA has appointed a procurement center representative.¹¹ (A procurement center representative is an SBA staff member assigned to a federal agency's contract administration office to carry out SBA policies and programs.)

In addition to these eight functions, OSDBU directors have working relationships with SBA and the agency procurement staff. However, OSDBU directors are not the only officials responsible for helping small businesses participate in federal procurement. The FAR establishes a number of responsibilities for SBA and agency procurement staff in implementing small business programs. The FAR provides that, among other things, SBA may assign one or more procurement center representatives to any agency's contracting activity or contract administration office to carry out SBA policies and programs. A procurement center representative's responsibilities include

- increasing small businesses' share of federal procurement awards by initiating small business set-asides,
- reserving procurements for competition among small business firms,
- providing small business sources to federal agencies, and
- counseling small firms.

At the agency level, the heads of procurement departments are responsible for implementing the small business programs at their agencies, including achieving program goals. Generally, staff within agency procurement departments who are assigned to work on small business issues, or small business specialists, coordinate with OSDBU directors on their agencies' small business programs.

Results in Brief

Almost all of the 24 OSDBU directors reported that they viewed most of the section 15(k) functions we asked about as current responsibilities of their offices. Specifically, at least 19 of the 24 directors reported that they viewed five of the eight as functions of their office. These five functions included

¹¹The small business technical advisor is to be a technically trained employee of the contracting activity who is familiar with the supplies or services purchased at the office, and is to assist the procurement center representative.

the three relating to contract bundling; the other two were helping small businesses obtain payments from the agencies and maintaining supervisory authority over OSDBU staff. A smaller majority (from 13 to 17) of OSDBU directors viewed the remaining three functions—helping small businesses obtain payments from prime contractors, reviewing individual contracts for small business set-asides, and appointing a small business technical advisor to offices with an SBA representative—as their responsibilities. However, the extent to which respondents said they carried out these functions varied. For example, 17 of the 24 directors reported that they attempted to identify solicitations that involve contract bundling to either a great or very great extent, but fewer than half reported helping small businesses with payment problems to a great or very great extent. Directors who did not view all of the functions as responsibilities of their offices provided reasons for their responses. For example, the OSDBU directors at the Departments of the Army and the Navy explained that their role is one of developing policy for the small business programs at their agencies, and that the 15(k) functions are generally carried out by the Army’s and Navy’s small business specialists.

Most of the OSDBU directors responded that they also viewed functions other than those listed in section 15(k) as their responsibilities. For example, a majority of the directors reported that they viewed outreach activities, such as holding meetings and hosting conferences for small businesses and trade associations, as their functions, and 20 reported having hosted such events in the last 2 years. In addition, almost all (21) of the OSDBU directors agreed that one of their functions was reviewing subcontracting plans that show how prime contractors would use small businesses as subcontractors. A much smaller number of OSDBU directors reported that they viewed participating in the various steps of their agencies’ procurement process as one of their functions. For example, only 9 directors cited developing proposed bid solicitations as a function, and 8 cited evaluating bid proposals.

Most OSDBU directors reported experiencing few challenges in carrying out their responsibilities. Of the seven potential challenges identified in our survey, more than half of the directors viewed three issues—lack of influence in the procurement process, limited budgetary resources, and lack of adequate staffing levels—as challenges to at least some extent.

We sent a draft of this report to all 24 agencies in our study and SBA for their comments. Of these agencies, we received comments from the Department of Defense (DOD), the Department of Transportation (DOT),

the National Aeronautics and Space Administration (NASA), and SBA. The comments were largely technical, and we incorporated them as appropriate. DOD also commented that the draft contained statements attributed to the Navy OSDBU director that were incorrect. Because our draft accurately characterized the statements made by the director, we did not change them. However, we added language to the report to reflect DOD's reasons, as stated in its comments, for viewing the information as incorrect.

Almost All of the OSDBU Directors Viewed Most Section 15(k) Functions as Duties of Their Offices

Almost all of the 24 OSDBU directors that we surveyed reported that they viewed most of the functions outlined in section 15(k) of the Small Business Act as current duties of their offices. At least 19 OSDBU directors, or almost 80 percent, said that they viewed five of the eight functions identified in 15(k) as their duties, and a smaller majority (13 to 17) saw the remaining three functions as their responsibilities (fig. 1). In cases where we asked respondents about the extent to which they carried out these functions, responses varied. For example, a large majority of the OSDBU directors reported that they identified solicitations for contract bundling to either a great or very great extent. In contrast, only 5 OSDBU directors reported helping small businesses to obtain payments from agencies to either a great or very great extent. Some directors did not view all of the functions as their responsibilities, but in follow-up interviews these directors provided explanations for their responses.

Figure 1: Survey Results from 24 OSDBU Directors on Section 15(k) Functions

| Section 15(k) functions | Number of OSDBU directors who answered: | | |
|---|--|---|-----------|
| | Yes, this function is a duty of the OSDBU director | No, this function is not a duty of the OSDBU director | No answer |
| Supervisory authority over personnel with the duties and functions of the OSDBU | 22 | 2 | |
| Working with agency acquisition officials to revise procurement strategies for bundled contract requirements to increase small business participation | 22 | 2 | |
| Attempting to identify solicitations that involve bundling of contract requirements | 21 | 3 | |
| Facilitating small business participation as subcontractors to bundled contracts | 19 | 4 | 1 |
| Assisting small businesses to obtain payments from your agency | 20 | 4 | |
| Assisting small businesses to obtain payments from prime contractors | 17 | 7 | |
| Determining/Reviewing individual acquisitions for small business set-asides | 17 | 7 | |
| Assigning a small business technical advisor ^a | 13 | 7 | 4 |

Source: GAO analysis of survey data.

^aAccording to the OSDBU directors, SBA had not assigned a procurement center representative to 3 of the 24 agencies in our study—the Department of the Interior, the Office of Personnel Management, and the U.S. Agency for International Development. Therefore, the OSDBU directors at these agencies were not required to assign a small business technical advisor.

The Extent to Which OSDBU Directors Carried Out Some Section 15(k) Functions Varied

We asked OSDBU directors about the extent to which they carried out several of the section 15(k) functions. Of those directors who saw the contract bundling functions as responsibilities of their OSDBUs, more than half reported carrying out these duties to a great or very great extent (fig. 2). For example, 17 of the 21 OSDBU directors who viewed identifying solicitations that involved contract bundling as a function reported doing so to a great or very great extent, as did more than half (13) of the 22 directors who viewed working with agency acquisition officials to revise

procurement strategies for bundled contracts as a duty. For example, 1 OSDBU director wrote: “When and if a program office announces its intention to bundle, the OSDBU works with it to ensure that the small business market share does not suffer.” Another OSDBU director stated, “We are reviewing previously bundled contracts in order to unbundle them. We’re also developing questions for the [contracting] personnel to answer regarding past contract awards.”

Eleven of the 19 OSDBU directors who viewed facilitating small business participation as subcontractors on a bundled contract as a duty said that they carried out the function to a great or very great extent. In their written comments, several directors noted that they worked with the acquisition officials on large contracts to increase subcontracting for small businesses. One director wrote the following:

“...the Director reviews major acquisitions and other acquisitions that have agencywide impact. These venues provide the OSDBU with opportunities to ensure that acquisitions are not unnecessarily consolidated, and to influence the establishment of aggressive proposal evaluation factors and subcontracting goals to encourage small business opportunities.”

Another OSDBU director commented, “OSDBU works with acquisition officials on large dollar contracts to encourage contracting officers to include increased subcontracting incentives in solicitations.”

Figure 2: Level of OSDBU Activity on Contract Bundling Functions

| Extent of OSDBU activity on contract bundling functions | OSDBU attempts to identify solicitations that involve bundling of contract requirements (n=21) | OSDBU works with agency acquisition officials to revise procurement strategies for bundled contract requirements to increase small business participation (n=22) | OSDBU facilitates small business participation as subcontractors to bundled contracts (n=19) |
|---|--|--|--|
| Very great | 7 | 6 | 5 |
| Great | 10 | 7 | 6 |
| Moderate | 1 | 2 | 3 |
| Some | 3 | 4 | 3 |
| Little or no | 0 | 0 | 0 |
| No answer | 0 | 2 | 2 |
| Don't know | 0 | 1 | 0 |

Source: GAO analysis of survey data.

Our survey occurred after the Office of Federal Procurement Policy, an office within the Office of Management and Budget (OMB), issued new guidance on limiting the use of contract bundling. In October 2002, OMB issued a plan entitled *Contract Bundling: A Strategy for Increasing Federal Contracting Opportunities for Small Business*. The aim of the plan was to eliminate unnecessary contracting bundling and to mitigate the effects of necessary contract bundling. Under the plan, OSDBUGs were to be required to conduct periodic reviews and submit their assessments to OMB.¹² By giving the issue of contract bundling more prominence, the guidance in this plan may have affected how the OSDBUG directors saw their role in contract bundling. In written comments on contract bundling,

¹²Another GAO team is currently conducting a study on the extent to which contract bundling occurs and the effect of OMB's strategy on small business federal contracting opportunities.

several OSDBU directors referred to OMB's guidance. One OSDBU director wrote, "We are changing our procurement review function as a result of the recent OMB guidance so we will become more involved more than currently." Similarly, another director commented, "...under OMB's renewed interest in his area, OSDBU is very active in identifying and taking action to avoid unnecessary contract bundling."

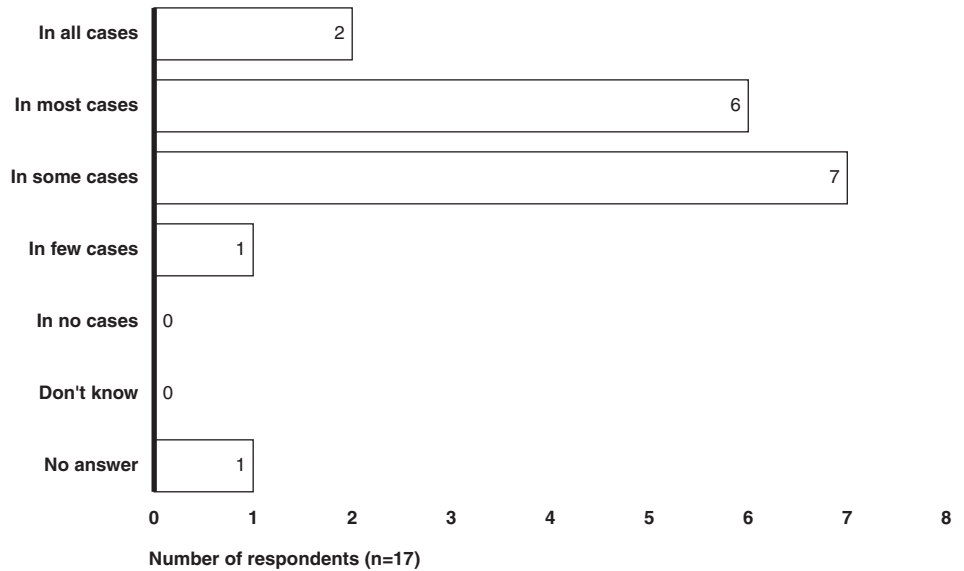
Twenty OSDBU directors viewed assisting small businesses to obtain payment from agencies as an OSDBU function, but only 5 reported doing so to a great or very great extent. Eleven reported that they carried out this function to a moderate level or less. In written comments and follow-up interviews, a majority of the OSDBU directors who viewed this assistance as a function stated that the problem of nonpayment to small business had arisen only occasionally. Moreover, the directors explained that although they will assist small businesses with payment problems whenever they are contacted, the issue is more clearly administrative and thus more likely be handled by other agency personnel. Several OSDBU directors reported that they typically refer such matters to contract administrators, and 1 director noted that his office worked with the agency's Vendor Claims Division on payment issues. Another director said that the agency's Office of Acquisition Management was responsible for ensuring payment for all vendors, large and small, but that the OSDBU acted as a mediator when necessary.

A slightly lower number (17) of respondents viewed helping to obtain payments from prime contractors as an OSDBU function. Slightly less than half (8) of the 17 OSDBU directors reported that they carried out this function to a moderate extent or less; only 3 said they had carried out the function to either a great or very great extent.¹³

Seventeen OSDBU directors reported that they viewed reviewing or determining individual contracts that should be set aside for a small business as an OSDBU function. As figure 3 shows, 8 of the 17 OSDBU directors stated that they reviewed proposed small business set-asides for individual acquisitions in all or most cases, and another 8 carried out this function in some or a few cases. An additional 3 OSDBU directors reported that determining small business set-asides for a class of acquisitions was a function of their OSDBU.

¹³Six respondents did not provide an answer.

Figure 3: Level of OSDBU Activity of Reviewing Individual Acquisitions for Small Business Set-asides



Source: GAO analysis of survey data.

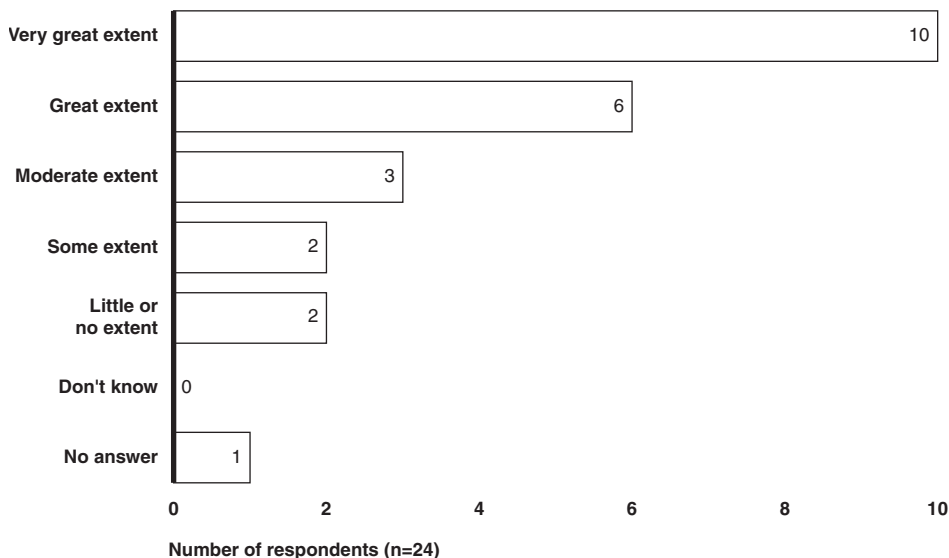
The process of setting aside contracts for small business programs is a responsibility that is shared among SBA, the agencies’ contracting staff, and the OSDBU. The OSDBU director’s role in the process, according to the FAR, consists of making recommendations on whether particular contracts can be set aside. In their written comments, several OSDBU directors stated that they reviewed contracts above the threshold for simplified acquisitions (generally \$100,000), and then they either concurred or did not concur with the contracting officers that the contracts should be set aside. One OSDBU director wrote the following:

“For acquisitions valued over \$100,000, contracting officers are required to submit small business set-aside clearance review forms to the OSDBU via the bureau’s small business specialist. The clearance forms document the acquisition planning activities and strategies for individual contract actions. The OSDBU works with the contracting officers to create acquisition strategies for full and partial set-asides.”

We also asked OSDBU directors to indicate the extent to which they cooperated and consulted with SBA in carrying out their responsibilities. Twenty-three directors reported that they cooperated and consulted with SBA on small business matters, 16 of them to a great or very great extent

(fig. 4). For example, in commenting on their working relationship with SBA staff, 1 OSDBU director wrote, “We work closely with various SBA district offices that manage the portfolios of our various 8(a) contractors. We also participate on the Small Business Procurement Advisory Council, which is co-chaired by SBA and meets monthly.”

Figure 4: Level of OSDBU Director Cooperation and Consultation with SBA



Source: GAO analysis of survey data.

Section 15(k) of the Small Business Act requires the OSDBU director to designate a small business technical advisor when SBA has assigned a procurement center representative to their agency. Twenty OSDBU directors stated that SBA had assigned a procurement center representative to their agencies.¹⁴ Of these, 13 directors reported that they had assigned a small business technical advisor, and 7 said that they had not.

¹⁴Three of the 24 OSDBU directors (those at the Department of the Interior, the Office of Personnel Management, and the U.S. Agency for International Development) reported in the survey that SBA had not assigned a procurement center representative.

OSDBU Directors Explained Why They Did Not View Some 15(k) Functions as Their Current Responsibilities

The number of OSDBU directors who did not view a section 15(k) function as their current responsibility varied, depending on the specific function. The number of directors ranged from 2 who did not view supervisory authority over OSDBU personnel as a responsibility to 8 who did not view assigning a small business technical advisor as a responsibility. During follow-up interviews, the OSDBU directors provided a variety of reasons for their views.

- Two OSDBU directors (the Office of the Secretary of Defense and the Social Security Administration (SSA)) reported that they did not supervise OSDBU personnel. In a follow-up interview, the OSDBU director at the Office of the Secretary of Defense told us that he does not supervise the OSDBU directors at the military services because his duties are primarily developing policy and providing oversight of the military OSDBUs. The OSDBU director at SSA stated that he did not have OSDBU staff assigned to his office, and that he was assisted by a small business specialist, who works for the Office of Acquisition and Grants.
- Two OSDBU directors (Navy and the U.S. Agency for International Development (USAID)) indicated that two functions involving contract bundling were not their responsibilities: working with agency acquisition officials to revise procurement strategies for bundled contract requirements and attempting to identify solicitations that involve bundling contract requirements. In our follow-up conversations, Navy's OSDBU director told us that her role was primarily developing policy for small business programs at her agency. She stated that her role stems mostly from the decentralized nature of the DOD's procurement system. She stated that she does not review individual contracts to identify bundling of contract requirements because these duties are the responsibility of the small business specialists. The OSDBU director at USAID stated that she is not aware of any bundling at the agency and thus did not consider the two functions a responsibility. However, she noted that her response did not mean that USAID had not bundled any contracts.
- Four OSDBU directors (the Department of Education, Army, Navy, and the Office of Personnel Management (OPM)) indicated that they did not view facilitating small business participation as subcontractors to bundled contracts as a duty of their offices. In a follow-up interview, the OSDBU director at Education stated that she worked with the contracting officer to unbundle contracts, but she added that the

OSDBU did not work with subcontractors. She indicated that her role was limited to referring the names of small businesses to the contracting office as potential subcontractors. The OSDBU directors at Army and Navy stated that their roles were primarily developing policy, and that small business specialists generally carry out this function. The OSDBU director at OPM told us that he did not view the function as a duty because contract bundling had not happened at OPM in the past fiscal year.

- Four OSDBU directors (the Office of the Secretary of Defense, the Department of Housing and Urban Development (HUD), Navy, and the Department of the Treasury) reported that they did not see assisting small businesses to obtain payments from agencies as their function. In follow-up interviews, the OSDBU director at the Office of the Secretary of Defense told us that few if any problems occurred in this area and, if there were any problems, they would be handled by the small business offices. The OSDBU director at HUD explained that the agency's contract administrators handle this function. The OSDBU director at Navy explained that small businesses seeking payment would need to contact the small business specialist at one of the commands or the Defense Contract Management Agency. Treasury officials told us that assisting small businesses to obtain payments would be the responsibility of the contracting office or the financial management office.
- Seven OSDBU directors (the Defense Logistics Agency (DLA), the Department of Agriculture, Army, Education, HUD, Navy, and Treasury) did not view assisting small businesses to obtain payments from prime contractors as a function of their offices. Several OSDBU directors (DLA, Agriculture, and Education) told us in follow-up interviews that they did not view it as a function primarily because as government personnel, they could not become involved in a contractual dispute between the prime contractors and the subcontractors. The OSDBU directors at Army and Navy explained that the Defense Contract Management Agency or the small business specialists would resolve these issues. Treasury officials explained that contracting officers at individual bureaus were responsible for addressing the payment problems, and that the agency's involvement would be limited by legal constraints. Again, the OSDBU director at HUD stated that the agency's contract administrators would handle the problems.

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- Four OSDBU directors (Army, Navy, the General Services Administration (GSA), and USAID) stated that determining a small business set-aside for either an individual contract or a class of acquisitions was not a function of their offices. The OSDBU directors for Army and Navy stated that the small business specialists review contracts for small business set-asides. Also, the OSDBU director at GSA told us that procurement officials determine set-asides. The OSDBU director at USAID stated in a follow-up interview that she makes set-aside recommendations on contracts when she sees the contract.
 - Seven OSDBU directors (DLA, the Office of the Secretary of Defense, Education, the Department of State, the Department of Veterans Affairs, SSA, and the Environmental Protection Agency) reported that they did not assign a small business technical advisor at offices where SBA had assigned a procurement center representative. For example, the OSDBU director at the Office of the Secretary of Defense told us that his responsibility for assigning small business technical advisors was delegated to the military services, and the OSDBU director at DLA said that the function had been delegated to the head of DLA's contracting affairs. Also, the OSDBU director at SSA told us that the small business specialist from the agency's Office of Acquisition and Grants, who works with him, could fulfill the role of a small business technical advisor. He explained that the small business specialist assists the procurement center representative when the procurement center representative comes to the agency to review the set-aside determinations.

In commenting on a draft of this report, the Director, Office of Small and Disadvantaged Business Utilization, Office of Under Secretary of Defense for Acquisition, Technology, and Logistics, stated that the draft included information, attributed to the Navy OSDBU director, that is incorrect. Our draft report stated that the director did not view three of the section 15(k) duties we asked about—working with agency acquisition officials to revise procurement strategies for bundled contract requirements, attempting to identify solicitations that involve bundling contract requirements, and assisting small businesses to obtain payments from agencies—as responsibilities of her office. Our report was based on the Navy director's response to our survey, which we reaffirmed in a follow-up interview with her. DOD's OSDBU director commented that generally these functions are performed by small business specialists, but that if mutually agreeable solutions cannot be worked out between the parties, the matters are elevated to the Navy OSDBU director for resolution.

OSDBU Directors Reported Performing Additional Activities as Well as Their Section 15(k) Functions

During preliminary interviews, OSDBU directors noted that they view as their responsibility some functions, such as outreach activities and reviewing subcontracting plans, that are not among those specifically identified in section 15(k). Our survey results show that nearly all of the 24 directors viewed most of these additional functions as a current duty. Some directors also reported that they viewed involvement in the solicitation development and proposal evaluation phases of the procurement process as a current function of their office.

Most Directors Saw Outreach to Small Businesses as a Function of Their OSDBU

Nearly all (21) of the OSDBU directors saw hosting conferences for small businesses as one of their responsibilities, and 20 had hosted such an event in the last 2 years. In their written comments, several OSDBU directors said that they typically designed the conferences to expose small businesses to their agency's specific needs. For example, 1 OSDBU director described (1) hosting annual networking sessions for small businesses and prime contractors and a "fair" for veteran-owned small businesses and (2) cohosting six information technology "fairs." Those OSDBU directors that had not hosted conferences said that they had either participated in another agency's fairs or had assigned this duty to the small business specialists. For example, 1 OSDBU director said that his office usually participated in outreach conferences hosted by relatively large organizations, including SBA, the Minority Business Development Agency, and the Department of Commerce.

A majority (17) of OSDBU directors saw sponsoring training for small businesses as a function, and 15 said that they had sponsored a training program in the last 2 years. In their written responses, several directors said that the purpose of the training programs is to familiarize small businesses with doing business with their agencies. Four directors said that they had partnered with another agency to provide training. For example, 1 director said, "In conjunction with the SBA Baltimore District Office, the OSDBU has hosted training events on subjects concerning GSA schedules, teaming agreements, and how to do business with [the agency]." Of those OSDBU directors that did not host their own training programs, 1 said he had provided small businesses with a brochure explaining contracting opportunities at the agency, and 2 referred small businesses to SBA for training.

Almost All of the Directors Reported That Reviewing and Monitoring Subcontracting Plans Are Functions of Their OSDBU

Almost all (22) of the OSDBU directors said that reviewing prime contractors' subcontracting plans for small business consideration is a current function, and 15 reported that they performed this activity in all or most cases. According to the FAR, any prime contractor with a contract above the simplified acquisition threshold (\$100,000) must agree to allow small businesses the "maximum practicable opportunity" to participate in the contract. If a contract for more than \$500,000 is awarded, or is to be awarded, to a business other than a small business, the government requires the winner of the contract to submit an acceptable subcontracting plan that shows how small businesses will be used as subcontractors.¹⁵ We found that some OSDBU directors reviewed subcontracting plans for all acquisitions, while a few OSDBU directors said they reviewed plans for contracts only above certain dollar thresholds.

Almost all (19) of the OSDBU directors also reported that they monitor prime contractors' implementation of the subcontracting plans. Several of the OSDBU directors stated they reviewed certain standard forms to determine if the prime contractors were following their subcontracting plans.¹⁶ Three of the five defense services noted that the Defense Contract Management Agency monitors implementation of the subcontracting plans of DOD prime contractors. One director at a civilian agency said that the OSDBU had implemented a pilot program that required the prime contractors to report monthly on the level of subcontracting and the actual payments made to small business. According to the director, "This hands-on approach was highly successful and resulted in significant levels of small business participation at the subcontracting level."

¹⁵The threshold for construction contracts is \$1,000,000.

¹⁶These forms include the Standard Form 294 (Subcontracting Report for Individual Contracts) and the Standard Form 295 (Summary Subcontract Report).

Some Directors Saw Participating in Soliciting and Evaluating Proposals as Responsibilities of Their OSDBU

Nine of the OSDBU directors we surveyed said that developing proposed solicitations was a function of their OSDBU.¹⁷ Two OSDBU directors noted that their involvement was limited to major procurements. For example, 1 director noted that his office worked with contracting officers and program officials through the agency small business specialists “to develop special language or provisions for some solicitations.”

Only 8 OSDBU directors said that evaluating proposals submitted by potential contractors in response to bid solicitations was a function of their OSDBU.¹⁸ Of these directors, 3 said that they participated in the function only on an exception basis or in a few cases.¹⁹ Two of the OSDBU directors wrote that their participation in evaluating proposals submitted by potential contractors consisted of reviewing the subcontracting plans of the prime contractors.

Most OSDBU Directors Saw Few Challenges to Carrying Out Their Responsibilities

Most of the OSDBU directors we surveyed reported that they face few challenges to carrying out their responsibilities. However, more than half viewed three issues—lack of influence in the procurement process, limited budgetary resources, and lack of adequate staffing—as challenges to at least some extent. As shown in figure 5, between 15 and 19 respondents saw four of the access and independence issues in our questionnaire as challenges to little or no extent. On the other hand, a slight majority saw their lack of influence over procurement as a challenge to at least some extent, and a larger majority (17) saw limited budgetary resources and inadequate staffing levels as challenges to at least some extent. We received very few written comments explaining respondents’ views on the challenges.

¹⁷The Departments of the Air Force, Agriculture, Commerce, Energy, Health and Human Services, Labor, the Treasury; the National Aeronautics and Space Administration; and the Office of Personnel Management.

¹⁸The Defense Logistics Agency; the Departments of Agriculture, Commerce, Health and Human Services, Labor, State, and Transportation; and the National Aeronautics and Space Administration.

¹⁹The Defense Logistics Agency and the Departments of Transportation, Health and Human Services, and State.

Figure 5: OSDBU Directors' Reporting Challenges

| Issue | To what extent OSDBU directors viewed each issue as a challenge: | | | | |
|--|--|-------|----------|------|--------------|
| | Very great | Great | Moderate | Some | Little or no |
| Employment status (e.g., political appointee or civil servant) | 0 | 0 | 1 | 1 | 19 |
| Insufficient access to agency head or deputy | 0 | 0 | 2 | 3 | 18 |
| Lack of independence to oppose procurement official decisions | 0 | 2 | 2 | 2 | 17 |
| Lack of independent budget | 1 | 1 | 1 | 5 | 15 |
| Lack of influence in the procurement process | 2 | 2 | 3 | 6 | 10 |
| Limited budgetary resources | 2 | 3 | 3 | 9 | 6 |
| Lack of adequate staffing level | 1 | 4 | 5 | 7 | 6 |
| Other | 1 | 0 | 1 | 0 | 0 |

Source: GAO analysis of survey data.

Scope and Methodology

To learn more about the duties and functions of OSDBUs, we administered a Web-based questionnaire to OSDBU directors at 24 federal agencies.²⁰ To develop the survey instrument, we conducted pretest interviews with 2 OSDBU directors and obtained input from GAO experts on survey design. A summary of the OSDBU directors' responses to the questionnaire is contained in appendix II. The questions asked the respondents whether certain functions were a current role or function of their OSDBU. The functions covered three areas: OSDBU participation in the procurement

²⁰The Federal Emergency Management Agency was not included in the survey because it became part of the Department of Homeland Security in March 2003 and ceased to be an independent agency.

process, OSDBU facilitation of small business participation in agency contracting, and OSDBU interaction with SBA staff. The questions were drawn from the OSDBU functions listed in section 15(k) of the Small Business Act as well as those functions mentioned by OSDBU directors during preliminary interviews we conducted during the design phase of the instrument.

We began the survey in late May 2003 by sending an e-mail either directly to the OSDBU director or through their agency liaisons with unique passwords and the locations of our Web survey. Follow-up contacts with those not completing the survey were made in June and July, and the survey was closed in early September 2003. We received completed questionnaires from all 24 directors in the survey population. In one case, a GAO liaison officer reviewed the OSDBU director's responses before submitting the survey to GAO.

We conducted 17 follow-up discussions with OSDBU directors, consisting of 15 interviews and 2 e-mail discussions. The purpose of the follow-ups was to confirm answers when respondents said they did not view one or more functions listed in section 15(k) as a role of their office. On the basis of these discussions, we changed 23 of the answers originally placed on the survey as the director not viewing a 15(k) function as an OSDBU role to the director viewing it as an OSDBU role. We used the following two criteria to make these changes: (1) the directors explicitly stated that they wished to change their answer and provided a reason for the change or (2) the directors misunderstood the question. Thus, these adjustments are reported as being a "yes" response in our findings.

While OSDBU directors at the 24 agencies were asked to participate in the survey and the survey results are therefore not subject to sampling errors, not all OSDBUs responded to every individual question. Nonresponse, and the practical difficulties of conducting any survey, may introduce error in survey results. We took steps to minimize such errors in the development and testing of our questionnaire by conducting follow-ups with nonrespondents, and by checking and editing survey responses and analysis. We did not assess the 24 agencies' compliance with the provisions of section 15(k).

We conducted our work in Washington, D.C., between January 2003 and January 2004 in accordance with generally accepted government auditing standards.

Agency Comments and Our Evaluation

We sent a draft of this report to all 24 agencies in our study and to SBA for their comments. We received technical comments from DOD, DOT, NASA, and SBA, which we incorporated as appropriate. DOD also commented that the draft did not accurately reflect responses attributed to the Navy OSDBU director. Our draft report stated that the director did not view three of the section 15(k) duties we asked about—working with agency acquisition officials to revise procurement strategies for bundled contract requirements, attempting to identify solicitations that involve bundling contract requirements, and assisting small businesses to obtain payments from agencies—as responsibilities of her office. According to the comments received from DOD’s OSDBU director, Navy’s OSDBU director is ultimately responsible for carrying out these duties (1) if Navy’s small business specialists are unable to reach a mutually agreeable solution when working with agency officials to revise procurement strategies for a bundled contract and identify solicitations that involve contract bundling requirements and (2) when the buying command or contract administration office has not been able to resolve matters regarding payments.

We do not take exception with DOD’s statement that Navy’s OSDBU director is ultimately responsible for these three duties if the matters have not been resolved by other agency officials. However, we believe the Navy OSDBU director’s responses are accurately reflected in this report. In both the questionnaire and follow-up interview, Navy’s OSDBU director stated that she did not view the three functions as her duties.

As agreed with your offices, unless you publicly release its contents earlier, we plan no further distribution of this report until 30 days from its issuance date. At that time, we will send copies of this report to the Chairman and the Ranking Minority of the House Committee on Small Business. We will make copies available to others on request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you have any questions regarding this report, please contact me or Charles E. Wilson, Jr., Assistant Director, at (202) 512-8678. Key contributors to this report are listed in appendix III.

David G. Wood

David G. Wood
Director, Financial Markets and
Community Investment

Twenty-four Agencies Surveyed on OSDBU Roles and Functions

Defense Logistics Agency
Department of Agriculture
Department of Commerce
Department of Defense—Office of the Secretary
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of Justice
Department of Labor
Department of State
Department of the Air Force
Department of the Army
Department of the Interior
Department of the Navy
Department of the Treasury
Department of Transportation
Department of Veterans Affairs
Environmental Protection Agency
General Services Administration
National Aeronautics and Space Administration
Office of Personnel Management
Social Security Administration
U.S. Agency for International Development

Summary of GAO Survey Results from 24 OSDBU Directors

Introduction

The United States General Accounting Office (GAO) is conducting a study on small business contracting for the Senate Committee on Small Business and Entrepreneurship. Several weeks ago, we asked you and each of the other OSDBU directors at the 21 federal agencies with procurements of \$200 million or more in 2001 for information on the reporting relationship between the OSDBU director and other agency officials, including the agency head.

Now we would like to know more about how the OSDBU directors are carrying out the duties and functions of their offices. To make the task of reporting this information easier for you, we delayed this second part of our request until now.

This questionnaire should take about half an hour to complete, depending on the need to consult records and other people. Your response by June 11th would be greatly appreciated.

Your cooperation in answering all of the questions in this survey is vital to our ability to report to Congress.

Q1. How long have you been Director of the Office of Small and Disadvantaged Business Utilization (OSDBU)?

| | Mean | Median | Minimum | Maximum | Number of respondents |
|---|------|--------|---------|---------|-----------------------|
| How long have you been Director of OSDBU? | 4 | 2 | 0 | 15 | 24 |

Q2. Please briefly describe the overall mission of your OSDBU.

OSDBU Roles in Agency Procurement

The following sections ask you about the functions and duties that your OSDBU might perform under Section 15(k) of the Small Business Act. For each of the following activities, please tell us whether each is currently a role or function that your OSDBU can perform, even if it has not yet done so. For those activities that fall to your OSDBU as official roles or functions, please tell us to what extent your OSDBU actually engages in those activities, and describe that involvement.

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q3. Is involvement in acquisition planning, as defined in Part 7 of the Federal Acquisition Regulation, currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 18 | 6 | 0 | 24 |

Q4. In general, to what extent is your OSDBU involved in acquisition planning?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 2 | 7 | 4 | 4 | 1 | 0 | 18 |

Q5. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q6. Is determining small business set-asides for individual acquisitions currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 17 | 7 | 0 | 24 |

Q7. How often is your OSDBU involved in determining small business set-asides for individual acquisitions?

| In all cases | In most cases | In some cases | In few cases | In no cases | Don't know | Number of respondents |
|--------------|---------------|---------------|--------------|-------------|------------|-----------------------|
| 2 | 6 | 7 | 1 | 0 | 0 | 16 |

Q8. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q9. Is determining small business set-asides for a class of acquisitions currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 17 | 6 | 0 | 23 |

**Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors**

Q10. How often is your OSDBU involved in determining small business set-asides for a class of acquisitions?

| In all cases | In most cases | In some cases | In few cases | In no cases | Don't know | Number of respondents |
|---------------------|----------------------|----------------------|---------------------|--------------------|-------------------|------------------------------|
| 3 | 2 | 5 | 5 | 0 | 0 | 15 |

Q11. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q12. In the event of a formal disagreement between your OSDBU and procurement officials during the acquisition planning process concerning small business matters, what is the first level of appeal for your OSDBU if the situation is not resolved?

| N/A - OSDBU cannot formally disagree | No specific first level of appeal | Agency Head | Deputy Agency Head | Chief Financial Officer | Other - please describe in box below | Number of respondents |
|---|--|--------------------|---------------------------|--------------------------------|---|------------------------------|
| 0 | 3 | 4 | 5 | 0 | 12 | 24 |

If you checked "Other" - please describe below:

Q13. Does your agency require written justification from procurement officials if they disagree with your OSDBU objections?

| No written justification required | Written justification required - please describe elements of this justification in box below | Number of respondents |
|--|---|------------------------------|
| 9 | 14 | 23 |

If you checked "Written justification required" - please describe below:

Q14. Has your OSDBU formally disagreed with the procurement officials during acquisition planning concerning small business matters in the past 24 months?

| Yes - OSDBU has disagreed with procurement officials | No - OSDBU has not disagreed with procurement officials | Number of respondents |
|---|--|------------------------------|
| 15 | 7 | 22 |

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q14a. How often has your OSDBU formally disagreed with procurement officials during acquisition planning concerning small business matters in the past 24 months?

| In all cases | In most cases | In some cases | In few cases | Don't know | Number of respondents |
|--------------|---------------|---------------|--------------|------------|-----------------------|
| 0 | 0 | 7 | 7 | 2 | 16 |

Q14b. Typically, what were the outcomes of these disagreements?

Q15. If your OSDBU is not currently involved in acquisition planning, what entity is involved in acquisition planning that advocates for small business consideration?

| | Checked | Number of respondents |
|--|---------|-----------------------|
| Other Entity involved in acquisition planning: N/A - OSDBU involved | 14 | 24 |
| Other Entity involved in acquisition planning: None | 1 | 24 |
| Other Entity involved in acquisition planning: Procurement Officials | 11 | 24 |
| Other Entity involved in acquisition planning: SBA Procurement Center Reps | 7 | 24 |
| Other Entity involved in acquisition planning: Agency Program Officials | 11 | 24 |
| Other Entity involved in acquisition planning: Other | 5 | 24 |

If you checked "Other" - please describe:

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q16. Is developing proposed solicitations currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 9 | 15 | 0 | 24 |

Q17. In general, to what extent is your OSDBU involved in developing proposed solicitations?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 0 | 2 | 1 | 6 | 0 | 0 | 9 |

Q18. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q19. Is attempting to identify proposed solicitations that involve bundling of contract requirements currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 21 | 3 | 0 | 24 |

Q20. In general, to what extent does your OSDBU attempt to identify proposed solicitations that involve bundling of contract requirements?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 7 | 10 | 1 | 3 | 0 | 0 | 21 |

Q21. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q22. Is working with agency acquisition officials to revise procurement strategies for bundled contract requirements to increase small business participation currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 22 | 2 | 0 | 24 |

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q23. In general, to what extent does your OSDBU work with agency acquisition officials to revise procurement strategies for bundled contract requirements to increase small business participation?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 6 | 7 | 2 | 4 | 0 | 1 | 20 |

Q24. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q25. Is facilitating small business participation as subcontractors to bundled contracts currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 19 | 4 | 0 | 23 |

Q26. In general, to what extent does your OSDBU facilitate small business participation as subcontractors to bundled contracts?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 5 | 6 | 3 | 3 | 0 | 0 | 17 |

Q27. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q28. Is developing evaluation factors for solicitations for your agency currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 15 | 9 | 0 | 24 |

Q29. How often does your OSDBU develop evaluation factors for solicitations for your agency?

| In all cases | In most cases | In some cases | In few cases | In no cases | Don't know | Number of respondents |
|--------------|---------------|---------------|--------------|-------------|------------|-----------------------|
| 0 | 3 | 9 | 3 | 0 | 0 | 15 |

Q30. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q31. In the event of a formal disagreement between your OSDBU and procurement officials during solicitation development concerning small business matters, what is the first level of appeal for your OSDBU if the situation is not resolved?

| N/A - OSDBU cannot formally disagree | No specific first level of appeal | Agency Head | Deputy Agency Head | Chief Financial Officer | Other - please describe in box below | Number of respondents |
|---|--|--------------------|---------------------------|--------------------------------|---|------------------------------|
| 1 | 5 | 4 | 3 | 0 | 10 | 23 |

If you checked "Other" - please describe:

Q32. Does your agency require written justification from procurement officials if they disagree with your OSDBU objections?

| No written justification required | Written justification required - please describe elements of this justification in box below | Number of respondents |
|--|---|------------------------------|
| 15 | 8 | 23 |

If you checked "Written justification required" - please describe:

Q33. Has your OSDBU formally disagreed with the procurement officials during solicitation development concerning small business matters in the past 24 months?

| Yes - OSDBU has disagreed with procurement officials | No - OSDBU has not disagreed with procurement officials | Number of respondents |
|---|--|------------------------------|
| 13 | 10 | 23 |

Q33a. How often has your OSDBU formally disagreed with procurement officials during solicitation development concerning small business matters in the past 24 months?

| In all cases | In most cases | In some cases | In few cases | Don't know | Number of respondents |
|---------------------|----------------------|----------------------|---------------------|-------------------|------------------------------|
| 0 | 0 | 5 | 6 | 2 | 13 |

Q33b. Typically, what were the outcomes of these disagreements?

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q34. Is evaluating proposals submitted by potential contractors in response to solicitations currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 8 | 16 | 0 | 24 |

Q35. How often does your OSDBU evaluate proposals submitted by potential contractors in response to solicitations?

| In all cases | In most cases | In some cases | In few cases | In no cases | Don't know | Number of respondents |
|--------------|---------------|---------------|--------------|-------------|------------|-----------------------|
| 0 | 0 | 6 | 2 | 0 | 0 | 8 |

Q36. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q37. Is reviewing sub-contracting plans for small business consideration from potential prime contractors currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 22 | 2 | 0 | 24 |

Q38. How often does your OSDBU review sub-contracting plans for small business consideration from potential prime contractors?

| In all cases | In most cases | In some cases | In few cases | In No cases | Don't know | Number of respondents |
|--------------|---------------|---------------|--------------|-------------|------------|-----------------------|
| 9 | 6 | 3 | 2 | 0 | 1 | 21 |

Q39. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q40. Is making recommendations to procurement officials on whether a particular contract should be awarded to a small business currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 15 | 8 | 0 | 23 |

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q41. How often does your OSDBU make recommendations to procurement officials on whether a particular contract should be awarded to a small business?

| In all cases | In most cases | In some cases | In few cases | In No cases | Don't know | Number of respondents |
|--------------|---------------|---------------|--------------|-------------|------------|-----------------------|
| 2 | 4 | 6 | 1 | 1 | 1 | 15 |

Q42. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q43. If your OSDBU does not make contract recommendations, what entity makes recommendations on contracts for small business consideration?

| | Checked | Number of respondents |
|--|---------|-----------------------|
| Other entity recommending -N/A, OSDBU role | 11 | 24 |
| Other entity recommending -None | 0 | 24 |
| Other entity recommending -Procurement officials | 9 | 24 |
| Other entity recommending -SBA Procurement Center Rep | 2 | 24 |
| Other entity recommending -Agency program officials | 5 | 24 |
| Other entity recommending -Other | 3 | 24 |

If you checked "Other" - please describe:

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q44. In the event of a formal disagreement between your OSDBU and procurement officials during proposal evaluation concerning small business matters, what is the first level of appeal for your OSDBU if the situation is not resolved?

| N/A - OSDBU cannot formally disagree | No specific first level of appeal | Agency Head | Deputy Agency Head | Chief Financial Officer | Other - Please describe in the box below | Don't know | Number of respondents |
|---|--|--------------------|---------------------------|--------------------------------|---|-------------------|------------------------------|
| 2 | 3 | 2 | 4 | 1 | 10 | 0 | 22 |

If you checked "Other" - please describe:

Q45. Does your agency require written justification from procurement officials if they disagree with your OSDBU objections?

| No written justification required | Written justification required - Please describe in the box below | Number of respondents |
|--|--|------------------------------|
| 12 | 9 | 21 |

If you checked "Written justification required" - please describe:

Q46. Has your OSDBU disagreed with the procurement officials during solicitation review concerning small business matters in the past 24 months?

| Yes - OSDBU has disagreed with procurement officials | No - OSDBU has not disagreed with procurement officials | Number of respondents |
|---|--|------------------------------|
| 5 | 15 | 20 |

Q47. If your OSDBU and the procurement officials have disagreed in the past 24 months, approximately what percentage of contract awards was in dispute?

| 1%-25% | 26%-50% | 51%-75% | 76%-99% | 100% | Number of respondents |
|---------------|----------------|----------------|----------------|-------------|------------------------------|
| 4 | 0 | 1 | 0 | 0 | 5 |

Q48. Typically, what were the outcomes of these disagreements?

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q49. Is monitoring small businesses that receive prime contracts from your agency currently a role or function of your OSDBU? For example, monitoring can include your OSDBU meeting at regular intervals with small businesses that receive prime contracts.

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 12 | 12 | 0 | 24 |

Q50. In general, to what extent does your OSDBU monitor small businesses that receive prime contracts from your Agency?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 2 | 3 | 2 | 4 | 1 | 0 | 12 |

Q51. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q52. Is monitoring prime contractors' implementation of sub-contracting plans currently a role or function of your OSDBU? For example, monitoring can include your OSDBU meeting at regular intervals with small businesses that receive sub- contracts.

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 19 | 5 | 0 | 24 |

Q53. In general, to what extent does your OSDBU monitor the prime contractors implementation of sub-contracting plans?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 4 | 5 | 4 | 5 | 1 | 0 | 19 |

Q54. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q55. In what ways are agency program officials and procurement officials made aware of small businesses as potential contractors?

| | Checked | Number of respondents |
|--|----------------|--------------------------------------|
| Ways made aware-Not done | 0 | 24 |
| Ways made aware-Agency Small Business Contractor Database | 19 | 24 |
| Ways made aware-Meetings between procurement & business | 22 | 24 |
| Ways made aware-Meetings between agency program off & business | 22 | 24 |
| Ways made aware-SBA PRO-Net | 22 | 24 |
| Ways made aware-Dont know | 0 | 24 |
| Ways made aware-Other ways | 11 | 24 |

If you checked "Other ways" - please describe:

Q56. Does your OSDBU have written policies and procedures relating to the functions and duties of your OSDBU?

| Yes - briefly describe the topics covered under these policies and procedures in the box below | No | Number of respondents |
|---|-----------|--------------------------------------|
| 22 | 2 | 24 |

If you checked "Yes" - please describe:

**Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors**

Q57. Is facilitating small business participation with your agency as contractors, sub-contractors or suppliers currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 24 | 0 | 0 | 24 |

Q58. In general, to what extent does your OSDBU facilitate small business participation with your agency as contractors, sub-contractors or suppliers?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 17 | 5 | 0 | 1 | 0 | 0 | 23 |

Q59. Please briefly explain your answer or describe the office that carries out this role or function.

Q60. Is assisting small businesses to obtain payments from your agency currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 20 | 4 | 0 | 24 |

Q61. In general, to what extent does your OSDBU assist small businesses to obtain payments from your agency?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 1 | 4 | 2 | 7 | 3 | 0 | 17 |

Q62. Please briefly explain your answer or describe the office that carries out this role or function.

Q62a. Is assisting small businesses to obtain payments from prime contractors currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 17 | 7 | 0 | 24 |

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q62b. In general, to what extent does your OSDBU assist small businesses to obtain payments from prime contractors?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 1 | 2 | 1 | 4 | 3 | 0 | 11 |

Q62c. Please briefly explain your answer or describe the office that carries out this role or function.

Q63. Is disseminating information to small businesses on how to secure business opportunities with your agency currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 24 | 0 | 0 | 24 |

Q64. In general, to what extent does your OSDBU disseminate information to small businesses on how to secure business opportunities with your agency?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 19 | 3 | 1 | 1 | 0 | 0 | 24 |

Q65. Please briefly explain your answer or describe the office that carries out this role or function:

Q66. Is hosting conferences to familiarize small businesses with opportunities at your agency currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 21 | 3 | 0 | 24 |

Q67. Has your OSDBU hosted any conferences to familiarize small businesses with opportunities at your agency in the past 24 months?

| Yes | No | Number of respondents |
|-----|----|-----------------------|
| 20 | 1 | 21 |

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q68. How many conferences has your OSDBU hosted to familiarize small businesses with opportunities at your agency in the past 24 months?

| | Mean | Median | Minimum | Maximum | Number of respondents |
|--|------|--------|---------|---------|-----------------------|
| How many conferences has OSDBU hosted in past 24 months? | 39 | 12 | 3 | 405 | 19 |

Q69. Please briefly explain your answer or describe the office that carries out this role or function.

Q70. Is sponsoring training programs for small businesses currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 17 | 6 | 0 | 23 |

Q71. Has your OSDBU sponsored any training programs for small businesses in the past 24 months?

| Yes | No | Number of respondents |
|-----|----|-----------------------|
| 15 | 2 | 17 |

Q72. Please briefly explain your answer or describe the office that carries out this role or function.

Q73. Is conducting meetings with small business trade associations and/or prime contractors currently a role or function of your OSDBU?

| Yes - an OSDBU role or function | No - not an OSDBU role or function | Don't know | Number of respondents |
|---------------------------------|------------------------------------|------------|-----------------------|
| 22 | 1 | 0 | 23 |

Q74. Has your OSDBU conducted any meetings with small business trade associations and/or prime contractors in the past 24 months?

| Yes | No | Number of respondents |
|-----|----|-----------------------|
| 20 | 2 | 22 |

**Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors**

Q75. On average, how many meetings does your OSDBU conduct with small business trade associations and/or prime contractors in a typical week?

| | Mean | Median | Minimum | Maximum | Number of respondents |
|--|------|--------|---------|---------|-----------------------|
| Average meetings OSDBU conducts w/ trade assoc's in week | 7 | 4 | 0 | 47 | 20 |

Q76. Please briefly explain your answer or describe the office that carries out this role or function.

Q77a. How many full-time equivalent (FTE) staff in fiscal year 2003, excluding administrative support staff, does your OSDBU employ?

| | Mean | Median | Minimum | Maximum | Number of respondents |
|-----------------|------|--------|---------|---------|-----------------------|
| FTEs in FY 2003 | 12 | 6 | 1 | 90 | 23 |

Q78. Do you, the Director of the OSDBU, have supervisory authority over personnel with duties and functions of your OSDBU?

| Yes | No | Number of respondents |
|-----|----|-----------------------|
| 22 | 2 | 24 |

Q78a. Do you, the Director of the OSDBU, serve as the primary contact for your agency for inquiries into small business matters and those affecting your agency's socioeconomic program goals?

| Yes | No - please list the primary contact below | Number of respondents |
|-----|--|-----------------------|
| 22 | 1 | 23 |

Q79. If you checked "No" - list the primary contact:

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q80. Who is responsible for ensuring that small businesses receive the maximum practicable procurement opportunities from the agency?

| OSDBU Director | Procurement Director | Agency Head | Deputy Agency Head | Other - please explain in the box below | Number of respondents |
|----------------|----------------------|-------------|--------------------|---|-----------------------|
| 13 | 1 | 3 | 1 | 5 | 23 |

If you checked "Other" - explain:

Q81. Has the SBA designated one or more procurement center representatives to your agency?

| Yes | No | Number of respondents |
|-----|----|-----------------------|
| 20 | 3 | 23 |

Q82. Have you, the Director of the OSDBU, assigned a small business technical advisor to each office with a SBA procurement center representative?

| Yes | No | Number of respondents |
|-----|----|-----------------------|
| 13 | 7 | 20 |

Q83. To what extent does your OSDBU work with the SBA procurement center representatives?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 4 | 6 | 1 | 3 | 5 | 0 | 19 |

Q84. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Q85. To what extent does your OSDBU cooperate and consult with the SBA?

| Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| 10 | 6 | 3 | 2 | 2 | 0 | 23 |

Q86. Please briefly explain your answer to the previous question - what level of activity, if any, has your OSDBU had in this area?

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q87. Does your OSDBU negotiate the small business goals, (also referred to as socioeconomic goals) for your agency with the SBA?

| Yes | No | Number of respondents |
|-----|----|-----------------------------|
| 21 | 3 | 24 |

Q88. In your agency's annual small business goal-setting process, does your OSDBU discuss potential goals with any of the following parties?

| | Yes | No | Number of respondents |
|--|-----|----|-----------------------------|
| OSDBU discuss goals with: A. Agency head or deputy? | 16 | 3 | 19 |
| OSDBU discuss goals with: B. Procurement officials | 18 | 0 | 18 |
| OSDBU discuss goals with: C. Agency program officials | 14 | 2 | 16 |
| OSDBU discuss goals with: D. Other - please describe in the box below | 6 | 2 | 8 |

If you checked "Other" - please describe:

Q89. Does your OSDBU have other functions that do not relate to section 15(k) of the Small Business Act? For example, responsibilities for monitoring agency processes in areas other than those relating to small business.

Appendix II
Summary of GAO Survey Results from 24
OSDBU Directors

Q90. To what extent is your OSDBU facing each of the following challenges in performing its mission?

| | Very great extent | Great extent | Moderate extent | Some extent | Little or no extent | Don't know | Number of respondents |
|--|-------------------|--------------|-----------------|-------------|---------------------|------------|-----------------------|
| Challenges: A. Lack of independent budget | 1 | 1 | 1 | 5 | 15 | 0 | 23 |
| Challenges: B. Limited budgetary resources | 2 | 3 | 3 | 9 | 6 | 0 | 23 |
| Challenges: C. Lack of adequate staffing level | 1 | 4 | 5 | 7 | 6 | 0 | 23 |
| Challenges: D. Lack of influence in procurement process | 2 | 2 | 3 | 6 | 10 | 0 | 23 |
| Challenges: E. Director has insufficient access to head/deputy | 0 | 0 | 2 | 3 | 18 | 0 | 23 |
| Challenges: F. Lack of independence to oppose procurement decns | 0 | 2 | 2 | 2 | 17 | 0 | 23 |
| Challenges: G. Director employment status (appointee vs. civil) | 0 | 0 | 1 | 1 | 19 | 1 | 22 |
| Challenges: H. Other - Please describe in box below | 1 | 0 | 1 | 0 | 0 | 0 | 2 |

If you checked "Other" - Please describe:

Q91. If you have any other comments on the topics covered in this survey, please enter them below.

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