# Small Business Administration Office of Inspector General

Review of the Usefulness of the Small Business Innovation Research Tech-Net Database

February 15, 2012

## SBIR Program Overview

- Congress established the SBIR program in 1982 to increase the use of small businesses to meet Federal research and development needs.

- 11 Participating Federal agencies with extramural research and development budgets greater than $100 million
  - set aside no less than 2.5 percent of their overall extramural R&D budget for SBIR awards.

- Congress designated SBA as the SBIR program administrator and tasked it with developing and maintaining a publically available database.

- This public-use database, referred to as "Tech-Net," contains 58 data elements that are to be reported for each SBIR award, of which 18 are mandatory.

- The Small Business Reauthorization Act of 2000 mandated that SBA develop, by mid-2001, a more comprehensive database available only to the Federal government or other authorized persons for SBIR program evaluation purposes.

# Quality and Usefulness of Tech-Net

- Prior review by the GAO in 2006 and reports from various OIGs identified data gaps and other weaknesses with Tech-Net.

- In a 2009 Congressional hearing, GAO and the NSF OIG reported that the growing number of duplicate awards for the same work and duplicative deliverables was attributed to SBA's failure to provide the mandated database allowing SBIR award information to be shared between awarding agencies.

  ◦ As a result, SBA established a working group of SBIR participating agencies and SBA also became a participant in a fraud working group, lead by the NASA and NSF Offices of Inspector General.

# SBA OIG Review Objectives

▸ To assess SBA's progress in completing enhancements and expanding the Tech-Net database to allow agencies to:
  ◦ (1) identify duplicate awards and or other potential fraud; and
  ◦ (2) better evaluate the performance of the SBIR program.

# SBA OIG Report 11-02 – *Usefulness of the SBIR Tech-Net Database*

- SBA had made limited progress in enhancing Tech-Net since the 2006 GAO audit.

- The database did not capture all mandatory data.

- All awards were not captured in Tech-Net to guide funding decisions because many participating agencies did not enter SBIR data timely.

- SBA did not develop the government-use component of Tech-Net to capture information on the commercialization of SBIR research and development projects.
  - According to SBA officials, a lack of funding had prevented it from expanding Tech-Net to meet the government-use requirements.
    - July 2010, SBA allocated $1.25 million to enhance and expand the Tech-Net database, including the implementation of the required government-use component.

# SBA OIG Recommendations

- Add the mandatory "Minority Code" data field to Tech-Net.

- Designate the "Principal Investigator" and "Agency Solicitation Topic Code" as required data fields and inform participating agencies of these designations.

- Add a database control that prevents participating agencies from submitting their award data when any of the mandatory data fields are left blank.

- Require that participating agencies submit award information to SBA and other participating agencies at the time of award.

# SBIR/STTR Reauthorization Act of 2011 Expands Scope of Data Included in Government Database

- Section 5135 expands the scope of information about SBIR and STTR applicants/awardees included in a government-access database. Among other items, this information will now include:
  - the names of key individuals who will carry out an SBIR or STTR project, as well as their titles, positions they hold in the organization, contact information, and percentage of effort they will contribute;
  - specific aims of the project; and
  - a list of any individual or small business concern that has participated in the SBIR program or STTR program that has been convicted of fraud-related crime involving SBIR/STTR, or found civilly liable for fraud-related violation involving SBIR/STTR.

- The expanded database should provide key information to assist OIG auditors and investigators.

# Questions