

Senate panel to review federal contracting databases

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The Senate subcommittee on contracting will review federal databases, including those that prevent waste and abuse in small business grant programs, said Sen. Claire McCaskill, D-Mo., chairwoman of the panel, on Thursday.

At a Senate Commerce, Science and Transportation Committee, McCaskill said the "too common" fraud within the program that provides science and technology research grants to small businesses is due in part to insufficient databases to keep track of the money. After the August recess, McCaskill said her Homeland Security and Governmental Affairs contracting subcommittee will look into similar problems with a number of federal databases.

The Small Business Innovation Research and the Small Business Technology Transfer programs were created in 1982 and 1992 respectively, to require federal agencies to set aside a certain percentage of their research grants and contracts for small businesses. Witnesses and lawmakers, however, testified that the programs, particularly SBIR, are rife with fraud.

NASA acting Inspector General Thomas Howard said that of the 46 SBIR investigations the IG's office has closed since 2001, 17 percent resulted in criminal convictions, civil judgments or administrative corrective actions. There are also five open investigations involving allegations of potential fraud, waste or abuse in the SBIR program.

"While SBIR plays an important role in NASA's research activities, our work has identified instances of fraud, waste and abuse by program participants that bring into question the effectiveness of the program's internal controls," Howard said at the hearing on Thursday.

The most common type of fraud in the program occurs when companies apply for and accept money for the same proposal from multiple agencies. While small businesses are allowed to submit the same proposal to several agencies, it is illegal for them to accept multiple agencies' awards for the same project.

McCaskill said companies repeatedly have abused the lack of interagency communication to game the system.

"These are really good thieves because they are preying upon the incompetence of government to steal millions and millions of dollars from taxpayers," McCaskill said at the hearing.

McCaskill said that fraud could be reduced by improving the Small Business Administration database intended to help agencies avoid awarding money to companies that have already received a SBIR or STTR grant for the same project.

Patricia Dalton, managing director of natural resources and environment for the Government Accountability Office, said the SBIR program generally is recognized as a successful program, but it is plagued by long-standing evaluation and monitoring issues. Without the ability to collect and retain accurate, reliable and comprehensive information on SBIR applicants and awards, those issues cannot be properly addressed.

"The Congress recognized the need for a comprehensive database in 2000 when it mandated that SBA develop a government-use database," Dalton said. "Although SBA did not meet its statutorily mandated

deadline of June 2001, the database has been operational since October 2008 and contains limited new information but may also contain inaccurate historical data."