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United States General Accounting Office  
Washington, DC 20548

Resources, Community, and  
Economic Development Division

B-283517

September 15, 1999

The Honorable Aida Alvarez  
Administrator, Small Business Administration

Subject: Women's Business Center Program: Incomplete Program Records  
and Financial Data

Dear Ms. Alvarez:

In May 1999, the House and Senate Committees on Small Business requested that we help them prepare for the reauthorization of the Women's Business Center Program. Specifically, the Committees asked us to provide information on (1) all currently or previously funded women's business centers, including their funding status, experience in raising matching funds, the types of services offered in a center's first and last year of grant funding, and the differences between "parent" and "satellite" centers; (2) the extent to which the Small Business Administration's (SBA) award criteria might predict the long-term success or failure of women's business centers; and (3) the compliance of the Office of Women's Business Ownership with legislative reporting requirements and the difficulties with obtaining the required data from the clients of women's business centers.

In conducting our review, we found problems with the records maintained by the Office of Women's Business Ownership and the Office of Procurement and Grants Management. We also received conflicting information concerning whether the Office of Women's Business Ownership or the Office of Procurement and Grants Management is responsible for the collection and review of financial status reports. As a result, when we briefed the Committee staffs and issued a report<sup>1</sup> on the results of our work, we were unable to provide all of the information requested for data for program years 1989 through 1998 because of limitations in SBA's records and databases. The information we did provide was subject to a number of limitations. We are apprising you of these limitations and other related issues because we are concerned that they could adversely affect your ability to manage the Women's Business Center Program, especially as it continues to grow.

In particular, we found the following:

- Historical program documentation is not consistently maintained. Although we were asked to provide information for the 10-year period from 1989 through 1998, our analysis

<sup>1</sup> Small Business Administration: Information on the Women's Business Center Program (GAO/RCED-99-278R, Sept. 2, 1999).

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GAO/RCED-99-277R Women's Business Center Program

of top-scoring centers<sup>2</sup> was limited to 5 program years (1991, 1993, 1995, 1997, and 1998),<sup>3</sup> because the program staff was unable to provide this information for other years. Although SBA officials explained that some of this requested information was destroyed in accordance with federal paperwork reduction standards, they did not explain why data were not available for 1996.

- Financial system information on the centers was not complete. Financial data from the Federal Financial System showing amounts of funding available and disbursed to the women's business centers were incomplete. Consequently, we were unable to fully respond to the Committees' request for funding status. We could not provide information on years 1989 through 1995 because the data were incomplete. For example, while some information for 1995 was available, SBA staff explained that the information was unreliable because of a change to a new financial system that year. As a result, we were limited to reporting on financial information for 1996 and 1997, and we found some problems with these data. For example, the data showed that one center withdrew \$155,000 in 1996, which exceeds the \$150,000 maximum available in a given year. Officials in the Office of Women's Business Ownership could not explain why their records reflected this overdraft of funds. In addition, as originally submitted to us, the information was missing on 1997 amounts available and disbursed for one center.
- SBA staff are unclear about their responsibilities regarding the financial reports. The 1998 monitoring guide for the Office of Women's Business Ownership lays out the roles and responsibilities of the Office of Women's Business Ownership and the Office of Procurement and Grants Management. The guide states that the Office of Women's Business Ownership is responsible for receiving and reviewing electronically transmitted semiannual data, collection/progress reports, financial reports, and other items requiring a grant officer's approval.

In June, for all currently funded centers, we reviewed program files for the Office of Women's Business Ownership and grant files for the Office of Procurement and Grants Management. Eleven of the 35 files we reviewed did not contain the required semiannual financial reports. We informed the program staff that we were unable to find the necessary financial reports and requested their assistance in locating the missing documents. After several weeks, staff from both offices were unable to provide the necessary reports, and we informed the Assistant Administrator for the Office of Women's Business Ownership and the Deputy Assistant Administrator for Procurement and Grants Management of our concerns about the financial reports. The following day, the Grants Management Deputy Assistant provided the missing financial reports.

The difficulty in locating the financial reports that we requested revealed a lack of understanding between the Office of Women's Business Ownership and the Office of Procurement and Grants Management regarding their responsibilities for the financial reports. For example, staff in Office of Women's Business Ownership told us that they believed that it was the responsibility of the staff in Office of Procurement and Grants Management to collect and review the reports. In contrast, staff in the Office of Women's Business Ownership told us they were unaware of the policy about collecting and reviewing

<sup>2</sup> Top-scoring centers are centers whose grant proposals received the highest numerical scores on their applications for grants from the Office of Women's Business Ownership.

<sup>3</sup> The Office of Women's Business Ownership did not issue a request for proposals for new centers in 1994, and officials told us that in 1996 the Office did not issue any competitive awards.

reports. Consequently, neither office had taken responsibility for determining which reports were missing and for following up with the centers to ensure compliance.

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We reviewed the case files of the women's business centers and data documenting funding status from the Office of Women's Business Ownership. We also meet with officials from Office of Women's Business Ownership and the Office of Procurement and Grants Management to discuss the grant data, their roles and responsibilities, and the status of the women's business centers, among other issues.

Even though there were difficulties in obtaining the data needed for our review, your staff made themselves available and were cooperative. We also appreciate the support from your staff in encouraging participation in our telephone survey in which we discussed aspects of the program with various staff of the women's business centers. We conducted our work from May 1999 through August 1999 in accordance with generally accepted government auditing standards.

Please call me at (202) 512-7631 if you or your staff have any questions about this report. Major contributors to this report were Thom Barger, Virginia Keller, Michael Mgebroff, LaSonya Roberts, Cheri Truett, and Carol Anderson-Guthrie.

Sincerely yours,



Stanley J. Czerwinski  
Associate Director, Housing and  
Community Development Issues



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