**UNITED STATES DEPARTMENT OF EDUCATION**
OFFICE OF INSPECTOR GENERAL

March 25, 2016

**Control Number
ED-OIG/A19P0007**

Ruth Neild
Delegated Duties of the Director
Institute of Education Sciences
U.S. Department of Education
555 New Jersey Avenue, N.W.
Washington, DC 20208

Dear Ms. Neild:

This **final audit report**, titled *Audit of the Small Business Innovation Research Program Regulations and Operating Procedures*, presents the results of our audit. The objective of our audit was to determine whether the Department of Education's (Department) Small Business Innovation Research (SBIR) program's operating procedures and regulations have been modified to reflect the requirements of the new Directive with respect to agency actions to prevent fraud, waste, and abuse and whether related requirements have been adequately implemented.

# BACKGROUND

The SBIR program was established by Congress with the passing of the Small Business Innovation Development Act in 1982 (Pub. L. No. 97-219) to encourage small businesses to pursue innovative research and development ideas that have potential for commercialization. The purpose of the SBIR program is to stimulate technological innovation, utilize small business to meet federal research and development needs, foster and encourage participation by minority and disadvantaged persons in technological innovation, and increase private sector commercialization.

The National Defense Authorization Act for Fiscal Year 2012 (Pub. L. No. 112-81), which included the SBIR/STTR Reauthorization Act of 2011 (Reauthorization Act),[1] reauthorized the SBIR program through September 30, 2017. To incorporate changes from the Reauthorization Act, the Small Business Administration (SBA) amended its SBIR Program Policy Directive

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[1] Division E of Pub. L. No. 112-81 included the Reauthorization Act. "SBIR" refers to the "Small Business Innovation Research" program and "STTR" refers to the "Small Business Technology Transfer" program. The Department participates only in the SBIR program.

(SBIR Directive) in August 2012 and in January 2014. The SBIR Directive outlines how agencies must generally conduct their SBIR programs.  It also states that agencies should evaluate risks of fraud, waste, and abuse in each application, monitor and administer SBIR awards, and create and implement policies and procedures to prevent fraud, waste, and abuse in the SBIR program.  To capitalize on OIG expertise in this area, agencies are directed to consult with their OIG when creating such policies and procedures.  The SBIR Directive incorporated 10 new minimum requirements related to identifying and preventing fraud, waste and abuse (see Attachment 1). [2]

The Institute of Education Sciences (IES) is the only office in the Department with an SBIR program.  IES's competitive and merit-based program funds research and development projects that propose a sound approach to the investigation of an important education or assistive technology, science, or engineering question under topics identified each year in the solicitation.

## AUDIT RESULTS

We found that the Department needs to improve its implementation of the minimum requirements related to identifying and preventing fraud, waste, and abuse.  While we determined the Department is not required to establish its own overall operating procedures and regulations for the SBIR program, it is required to implement the minimum requirements provided in the SBIR Directive (referred to throughout as "the minimum requirements").  We found that the Department did not adequately implement 7 of the 10 minimum requirements.

We determined that the Department has not developed required policies or established formal processes related to the identification and prevention of fraud, waste, and abuse.  Further, we determined that the Department has not designated an individual to serve as the liaison for the Department's SBIR program to ensure related inquiries are properly referred to the Office of Inspector General (OIG) and to the Suspension and Debarment Official (SDO).  We also noted that the Department's coordination with the OIG and training efforts in this area could be improved.  In addition, we determined that the Department does not request all required certifications from awardees and does not have a formal process in place to ensure that duplicate awards are not made.

By not ensuring that the minimum requirements are implemented, the Department increases its risk that potential fraud, waste, and abuse in the SBIR program is not identified.  Additionally, not ensuring that applicable policy and processes are documented can create confusion and inhibit training of new staff assigned to work on the program in the event that current staff are no longer available.

In its response to the draft audit report, IES nonconcurred with part of the finding and noted corrective actions taken with regard to the recommendation.  IES noted that while it agrees with much in the report, the report does not acknowledge or describe a number of actions IES has taken since the issuance of the minimum requirements, particularly the extent to which IES has proactively worked with investigative staff in the OIG and with the SDO.  Specifically, IES

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[2] These requirements can also be found at 77 Federal Register (FR) 46828.

agreed that the SBIR program would benefit from formal, written policies and procedures; however, IES stated that it does not concur with the finding that the Department has not designated a liaison for the SBIR program with the OIG and the SDO nor does it concur with the finding as it regards working with the OIG to establish fraud indicators.

IES' comments are summarized at the end of the finding. IES also provided technical comments that we considered. As a result of IES' comments, we did not make any changes to the audit finding or recommendation. The full text of IES' response is included as Attachment 3 to this report.

**FINDING NO. 1 –     The Department Did Not Adequately Implement Minimum Requirements Related to Fraud, Waste, and Abuse**

We found that the Department needs to improve its implementation of the minimum requirements related to identifying and preventing fraud, waste, and abuse. While we determined the Department is not required to establish its own overall operating procedures and regulations for the SBIR program, it is required to implement the minimum requirements provided in the SBIR Directive. We found that the Department did not adequately implement 7 of the 10 minimum requirements.

*Establishing Written Policy and Formal Processes to Identify and Prevent Fraud, Waste, and Abuse*

We reviewed the Department's SBIR website, SBIR funding solicitations from fiscal years (FY) 2013-2015, and SBIR training documentation to determine whether the Department has implemented the minimum requirements pertaining to the development of written policy and establishment of formal processes to identify fraud, waste, and abuse. We found that the Department did not adequately implement four of the six minimum requirements in this area.

While the Department includes required disclaimers pertaining to fraud, waste, and abuse on its SBIR webpage and in funding solicitations (Requirement #2), it has not developed a written policy requiring personnel involved with the SBIR program to notify the OIG if anyone suspects fraud, waste, and/or abuse (Requirement #5). The SBIR Program Manager stated that the small size of the Department's SBIR program allows him to individually monitor each award and regularly communicate with awardees, which he believed was an effective form of prevention against fraud, waste, and abuse. In written communication following our audit exit conference, IES noted that the policy on reporting fraud, waste, and abuse under the SBIR program is reflected in the solicitation package and that the process outlined in the package establishes clear guidelines that personnel in IES and Contracts and Acquisitions Management (CAM) follow to determine that fraud, waste, and abuse does not occur. IES noted that although the SBIR Program Manager is currently the only Department employee assigned full-time to the SBIR program, it recognized that it may be beneficial to establish a separate manual that lists policies and procedures for Department personnel working on the administration and oversight of the SBIR program. IES stated it is in the process of compiling existing information into a comprehensive resource that will be available to IES and other Department personnel who work on or with the SBIR program.

We also noted the Department has not created or ensured that there is an adequate system to enforce accountability through suspension and debarment, fraud referrals or other efforts to deter wrongdoing and promote integrity (Requirement #6). Specifically, the Department has not developed separate standardized templates for referrals made to the OIG for fraud, waste and abuse or the agency's SDO for other matters, and it has not developed a process for tracking such referrals. The SBIR Program Manager noted that the Department has not developed templates for referrals since it has not had to refer any cases to the OIG. In written communication following our audit exit conference, IES noted that OIG would be the office best suited to determine the appropriate format for the submission of information that could affect its ability to carry out investigations of potential fraud, waste, and abuse. We would note that OIG remains available to assist the Department with implementing this requirement, but the Department, in its management capacity, should take the lead on these efforts. This is consistent with the related requirement at 77 FR 46827 that states "[a]gencies must consult with their OIG when creating such policies and procedures," indicating the onus is on the agency itself to initiate these efforts.

The Department has also not designated an individual to serve as the liaison for the SBIR program, the OIG, and the SDO (Requirement #3). At the audit exit conference, the SBIR Program Manager stated that it appears he misunderstood this requirement and added that he is the liaison because he has coordinated efforts with the OIG. However, in regard to coordination with the SDO, the SBIR Program Manager assumed that this was covered by his coordination with the OIG. We noted that he was unaware of the name and location of the SDO. In written communication following our audit exit conference, IES stated it has confirmed who the SDO is and in what office the SDO is located. IES also pointed out that the SBIR Program Manager has been in that position since 2005 and has worked for several years with OIG and CAM on issues concerning the prevention of fraud, waste, and abuse. It therefore believes that the Department has met this requirement. Given that the Program Manager was unaware of the SDO, we do not agree that IES fully met this requirement.

Lastly, we determined the Department could more proactively work with the OIG to establish fraud detection indicators, coordinate the sharing of information between federal agencies, and improve its training and education for applicants (Requirement #8). The SBIR Program Manager stated that after the SBIR Directive was updated, he had a discussion with OIG about implementing the minimum requirements, including fraud detection indicators. However, he did not initially provide any indication that his efforts with regard to Requirement #8 went beyond this discussion other than to note that he began notifying the National Science Foundation (NSF) after the Department makes awards to help ensure that duplicate awards are not made. OIG, in coordination with the Department, provided 1-hour webinars on the prevention of fraud, waste, and abuse to FY 2013 and FY 2014 SBIR awardees. We noted that training efforts did not extend to applicants and did not include all awardees. The OIG official who developed these webinars left the Department in January 2015 and, at the time of our review, the Department had not scheduled any additional webinars.[3] At the audit exit conference, the SBIR Program Manager stated that while he understands there was a gap between the departure of his OIG contact and establishing a new contact, he was under the impression that the OIG would contact him. He added that the Department has since conducted a webinar for the FY 2015 SBIR awardees[4] and that a list of fraud indicators was included in the webinars. OIG remains

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[3] The audit team subsequently provided the Department with a new OIG liaison in October 2015.
[4] The FY 2015 webinar was held on October 29, 2015.

available to assist the Department with implementing this requirement, but, as noted previously, the Department should be taking the lead on these efforts.

*Ensuring Awardee Eligibility and Compliance*

We found that the Department did not implement three of the four minimum requirements that related to ensuring SBIR awardee eligibility and compliance.

The SBIR Directive instructs agencies to request specific certifications throughout the award process as a means to verify awardee eligibility and compliance. This includes a funding agreement certification at the time of award and a certification during the lifecycle of the funding agreement to state that the awardee meets the size, ownership, and other requirements of the SBIR program.

We reviewed the contract files of the 15 FY 2014 SBIR awardees and found that the Department did not request these certifications (Requirement #1). The Contracting Officer stated that the certification at the time of award is not collected in the exact form as found in the SBIR Directive and Federal Register, but that all of the required items are included in the solicitations. He noted that requiring applicants to submit proof of SBA company registry is one way the Department verifies eligibility. However, we noted that the SBIR program solicitations do not require applicants to certify all of the information required by the SBIR Directive, such as certifying that during performance of the award the research/research and development will be performed at the applicant's facilities with the applicant's employees, except as otherwise indicated in the SBIR application and approved in the funding agreement. We also noted that the SBIR Directive specifically requires use of the certification that is included in it.

The Contracting Officer stated that the Department did not notice the lifecycle certification requirement, and as a result, did not require or request awardees to submit the certification. The SBIR Program Manager further informed us that he had not requested the required certifications from FY 2014 and FY 2015 awardees. In July 2015, during our audit fieldwork, the Department required that the awardees provide both certifications if they had not already submitted them. We noted that these certifications were retroactively signed by awardees. Without the required certifications, the Department cannot fully ensure awardee compliance with the eligibility requirements of the program and the terms of the SBIR funding agreement (Requirement #7).

The SBIR Directive also requires agencies to develop policies and procedures to avoid funding work that has already been funded by another agency. While the SBIR Program Manager takes certain steps to avoid making duplicate awards, the Department has not developed any formal policies and procedures to ensure that duplicate awards are not made (Requirement #9). The SBIR Program Manager stated that measures that are taken to avoid funding duplicative work include: 1) inserting a question in the SBIR solicitations for applicants to certify that they have not been funded for the equivalent work, 2) inserting a warning in the solicitations requiring that applicants certify that they have not been funded for the equivalent work, and 3) inserting an appendix in solicitations that requests information on similar or closely related awards or proposals. The SBIR Program Manager also stated that frequent communication with colleagues at NSF also ensures that duplicate awards are not made, to include reviewing lists distributed by NSF of projects it has recommended for award. However the process followed by the SBIR Program Manager is not documented anywhere. In written communication following our audit exit conference, IES added that during the pre-award process, the SBIR Program Manager

checks the SBIR.gov and other agency websites to identify any potential for duplication and monitors company websites and industry news for possible inconsistencies. IES noted that it believes it has policies and procedures in place but is in the process of producing a manual that lists the policies and procedures for Department personnel who work on or with the SBIR program.

The SBIR Directive states that agencies should evaluate risks of fraud, waste, and abuse in each application, monitor and administer SBIR awards, and create and implement policies and procedures to prevent fraud, waste and abuse in the SBIR program. By not ensuring that minimum requirements are implemented, the Department increases its risk that potential fraud, waste, and abuse in the SBIR program is not identified. Additionally, not ensuring that applicable policy and processes are documented can create confusion and inhibit training of new staff assigned to work on the program in the event that current staff are no longer available.

**Recommendation**

We recommend that the Director of IES:

1.1     Ensure that all of the SBIR Directive's minimum's requirements are adequately implemented, to include:
- Requiring certifications as provided in the SBIR Directive at time of award and during the funding agreement lifecycle (Requirement #1 & #7);
- Designating an individual to serve as the liaison for the SBIR program (Requirement #3);
- Establishing written policy requiring all personnel involved with the SBIR program to notify OIG if anyone suspects fraud, waste, and/or abuse and ensure policy is communicated to all SBIR personnel (Requirement #5);
- Developing standardized referral templates for referrals to the OIG and/or the agency's SDO, as applicable, and a process for tracking such referrals (Requirement #6);
- Proactively working with OIG to establish fraud indicators and improve education and training (Requirement #8);
- Developing policies and procedures to avoid funding equivalent work already funded by another agency (Requirement #9).

**IES Comments**

In response to the draft report, IES agreed that the SBIR program would benefit from formal, written policies and procedures and stated that, based on the recommendation, it has already developed written policies and procedures for the SBIR program with the input of OIG and CAM staff. IES also described actions that it has recently taken to ensure that all of the minimum requirements are adequately implemented, to include posting training materials to its SBIR webpage to ensure that potential applicants and other members of the public have this information. It also developed a template for reporting suspected fraud, waste, and abuse, developed a process for recording referrals, and has worked closely with its Contracting Officer to ensure that the solicitation for FY 2016 SBIR awards contains all certifications specified in the SBIR Policy Directive.

IES did not concur that the Department has not designated an individual to serve as the liaison for the SBIR program with the OIG and SDO. It noted that the SBIR Program Officer is identified on the Department's website as the primary point of contact for the SBIR program and began working with OIG as the representative of the SBIR program in 2013.

Further, IES did not concur that the Department could more proactively work with the OIG to establish fraud detection indicators. IES noted that the SBIR Program Officer has worked proactively with OIG to develop fraud indicators as well as training materials and other information to ensure that SBIR awardees know how to identify fraud and are informed of their responsibility to contact OIG if fraud, waste, or abuse is suspected.

**OIG Response**

We appreciate the efforts noted by IES to improve its implementation of the minimum requirements related to identifying and preventing fraud, waste, and abuse, to include developing written policies and procedures for the SBIR program and updating the solicitation package with the correct forms specified in the SBIR Policy Directive. With regard to the designation of an individual to serve as the liaison for the SBIR program, as noted previously, given that the Program Officer was unaware of the SDO and had asked OIG for clarification on what was meant by the SDO, we do not agree that IES fully met this requirement. Regarding IES' nonconcurrence about working more proactively with the OIG, we note that in January 2016, subsequent to the completion of our fieldwork and the issuance of our draft report, IES provided OIG with a proposed template and process for recording referrals for review and comment. While we appreciate IES' recent efforts in this area, as noted previously, the Department could have been more proactive in its efforts to comply with this requirement.

As a result of IES' comments, we did not make any changes to the audit finding or recommendation.

## OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether the Department's SBIR program's operating procedures and regulations have been modified to reflect the requirements of the new Directive with respect to agency actions to prevent fraud, waste, and abuse and whether related requirements have been adequately implemented.

To accomplish our objective, we reviewed applicable laws and regulations including the SBIR/STTR Reauthorization Act of 2011 and the SBIR Policy Directive. We also reviewed the Department's SBIR website, the FY 2013-FY 2015 SBIR funding solicitations, all 15 FY 2014 SBIR awardee contract files, and related training documentation. To identify potential vulnerabilities, we reviewed other agency audit reports with relevance to our audit objective. We conducted interviews with IES and CAM staff to gain a better understanding of the Department's efforts in implementing requirements in the SBIR Directive.

We conducted fieldwork at Department offices in Washington, DC, during the period
June 2015 through November 2015.  We provided our audit results to Department officials
during an exit conference conducted on November 10, 2015.

We conducted this performance audit in accordance with generally accepted government
auditing standards.  Those standards require that we plan and perform the audit to obtain
sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions
based on our audit objectives.  We believe that the evidence obtained provides a reasonable basis
for our findings and conclusions based on our audit objective.

## ADMINISTRATIVE MATTERS

Corrective actions proposed (resolution phase) and implemented (closure phase) by your office
will be monitored and tracked through the Department's Audit Accountability and Resolution
Tracking System.  Department policy requires that you develop a final corrective action plan
(CAP) for our review in the automated system within 30 days of the issuance of this report.  The
CAP should set forth the specific action items, and targeted completion dates, necessary to
implement final corrective actions on the finding and recommendation contained in this final
audit report.

In accordance with the Inspector General Act of 1978, as amended, the OIG is required to report
to Congress twice a year on the audits that remain unresolved after 6 months from the date of
issuance.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the OIG
are available to members of the press and general public to the extent information contained
therein is not subject to exemptions in the Act.

We appreciate the cooperation given us during this review.  If you have any questions, please
call Michele Weaver-Dugan at (202) 245-6941.


                                    Sincerely,


                                    Patrick J. Howard /s/
                                    Assistant Inspector General for Audit

## Minimum Requirements Related to Identifying and Preventing Potential Fraud, Waste, and Abuse

1. Require certifications from the SBIR awardee at the time of award, as well as after the award and during the funding agreement lifecycle.

2. Include on their respective SBIR Web page and in each solicitation, information explaining how an individual can report fraud, waste, and abuse as provided by the agency's Office of the Inspector General (e.g., include the fraud hotline number or Web-based reporting method for the agency's Office of the Inspector General).

3. Designate at least one individual in the agency to, at a minimum, serve as the liaison for the SBIR Program, the Office of the Inspector General, and the Suspension and Debarment Official and ensure that inquiries regarding fraud, waste and abuse are referred to the Office of the Inspector General and, if applicable, the Suspension and Debarment Official.

4. Include on their respective SBIR Web page information concerning successful prosecutions of fraud, waste and abuse in the SBIR or STTR programs.

5. Establish a written policy requiring all personnel involved with the SBIR Program to notify the Office of the Inspector General if anyone suspects fraud, waste, and/or abuse and ensure the policy is communicated to all SBIR personnel.

6. Create or ensure there is an adequate system to enforce accountability (through suspension and debarment, fraud referrals or other efforts to deter wrongdoing and promote integrity) by developing separate standardized templates for a referral made to the Office of the Inspector General for fraud, waste and abuse or the Suspension and Debarment Official for other matters, and a process for tracking such referrals.

7. Ensure compliance with the eligibility requirements of the program and the terms of the SBIR funding agreement.

8. Work with the agency's Office of the Inspector General with regard to its efforts to establish fraud detection indicators, coordinate the sharing of information between Federal agencies, and improve education and training to SBIR Program officials, applicants and awardees.

9. Develop policies and procedures to avoid funding essentially equivalent work already funded by another agency.

10. Consider enhanced reporting requirements during the funding agreement.

**Acronyms/Abbreviations/Short Forms Used in this Report**

CAM                        Contracts and Acquisitions Management

CAP                        Corrective Action Plan

Department                 U.S. Department of Education

FR                         Federal Register

FY                         Fiscal Year

IES                        Institute of Education Sciences

NSF                        National Science Foundation

OIG                        Office of Inspector General

SBA                        Small Business Administration

SBIR                       Small Business Innovation Research

SDO                        Suspension and Debarment Official

STTR                       Small Business Technology Transfer

UNITED STATES DEPARTMENT OF EDUCATION

INSTITUTE OF EDUCATION SCIENCES

February 22, 2016

Patrick J. Howard
Assistant Inspector General for Audit
U.S. Department of Education
Office of Inspector General
400 Maryland Avenue. S.W.
Washington. D.C. 20202-1500

Dear Mr. Howard:

Thank you for providing the Institute of Education Sciences ("the Institute") with an opportunity to review and respond to the finding and recommendations in the Office of Inspector General's (OIG) draft audit report on "Audit of the Small Business Innovation Research Program Regulations and Operating Procedures" OIG Control Number ED-OIG/A19P0007.

The Institute administers the Department's Small Business Innovation Research (SBIR) program. In accordance with the SBIR/STTR Reauthorization Act of 2011 and the SBIR Program Policy Directive, we are committed to supporting small businesses through funding for research and development projects that transform innovative ideas into commercially viable education technology products. In recent years, many products developed through the Institute's SBIR program have been successfully commercialized and are in use in schools around the country (see http://ies.ed.gov/sbir/successstories.asp). Further, the program and many of the products it has funded have been featured in national news publications such as *Newsweek*, *Education Week*, and the *Washington Post* (see http://ies.ed.gov/sbir/news.asp#1), and many products have won industry competitions for innovation (see http://ies.ed.gov/sbir/news.asp#3).

We are pleased that this draft report acknowledges a number of the actions the Institute has taken to prevent fraud, waste, and abuse in the SBIR program. This includes coordinating with the National Science Foundation to avoid funding duplicative projects, posting information concerning fraud, waste, and abuse prominently on both the Department's SBIR webpage and the SBIR webpage within the Institute's website and in funding solicitation packages, and collaborating with the ED Office of Inspector General to provide trainings to awardees on fraud, waste, and abuse.

While we agree with much in the draft report, it does not acknowledge or describe a number of actions the Institute has taken since the issuance of the SBIR Policy Directive to identify and prevent potential fraud, waste, and abuse within this program. In particular, the draft report understates the extent to which the Institute has proactively worked with investigative staff in the

Office of the Inspector General and with the Suspension and Debarment Official in these efforts. We describe our specific concerns in greater detail in the attached technical comments, but we urge you to give further consideration to the Institute's actions.

Our response to the draft finding and recommendation is set forth below.

**Finding: The Department Did Not Adequately Implement Minimum Requirements Related to Fraud, Waste, and Abuse.**

**Response:** As noted above, the draft report for this audit does not reflect accurately the Institute's efforts to identify and prevent fraud, waste, and abuse in the SBIR program.

Specifically, we do not concur with the finding that the Department has not designated an individual to serve as the liaison for the SBIR program with the Office of the Inspector General and the Suspension and Debarment Official. The SBIR Program Officer is identified on the Department's website as the primary point of contact for the SBIR program, and he has served as the Department's primary point of contact to the Small Business Administration and the Government Accountability Office for 10 years. The SBIR Program Officer compiles and transmits the Department's required SBIR annual reports to the Small Business Administration, and he has led the Department's implementation of the SBIR Policy Directive. The SBIR Program Officer began working with the Office of the Inspector General as the representative of the ED SBIR program in 2013.

Further, we do not concur with the finding as it regards working with the Office of the Inspector General to establish fraud indicators. As described in greater detail in our technical comments, the draft audit report mischaracterizes and understates the extent of the Institute's collaboration with other federal agencies and with the Office of the Inspector General and the Suspension and Debarment Official. Since 2013, after the issuance of the SBIR Policy Directive, the SBIR Program Officer has worked proactively with the Office of the Inspector General to develop indicators of fraud as well as training materials and other information to ensure that SBIR awardees know how to identify fraud and are informed of their responsibility to report any suspected fraud, waste, or abuse to the Office of the Inspector General.

To ensure that potential applicants and other members of the public have this important information, we have posted these training materials to the Institute's SBIR webpage where instructions on reporting suspected fraud, waste, and abuse to the Office of the Inspector General are already posted. We also developed a template for reporting suspected fraud, waste, and abuse, which the Office of the Inspector General reviewed and approved, and a process for recording referrals.

We do agree that the SBIR program would benefit from formal, written policies and procedures regarding, among other things: a requirement for all personnel involved with the program to sign a certification stating they will notify the Office of the Inspector General if they suspect fraud, waste, or abuse; procedures for coordinating with other federal agencies to avoid funding essentially equivalent work; and the role of the SBIR Program Officer as the Department's

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liaison between the SBIR program, the Office of the Inspector General and the Senior Procurement Executive (as Suspension and Debarment Official for contract awards) in the Office of the Chief Financial Officer. Based on the recommendation in the draft report, the Institute has already developed written policies and procedures for the SBIR program with the input of staff in the Office of the Inspector General and Contracts and Acquisitions Management staff in the Office of the Chief Financial Officer.

We have also worked closely with our Contracting Officer to ensure that the solicitation for fiscal year 2016 SBIR awards contains all certifications specified in the SBIR Policy Directive. Although we believe that the certifications included in previous solicitation packages provided sufficient assurance that applicants were aware of and in compliance with the program eligibility requirements and the terms of the SBIR funding agreements, we acknowledge that we were not using the forms specified in the SBIR Policy Directive. This was inadvertent, and we have updated the solicitation package accordingly.

Please contact the Institute's audit liaison, Teresa Cahalan, if you have any questions or need further information about any of our comments and responses. We appreciate the effort that went into the field work and the report and thank you for the opportunity to review and respond to the draft.

Sincerely,

Ruth Curran Neild
Deputy Director for Research and Policy,
Delegated the Duties of Director
Institute of Education Sciences

Enclosures:
Corrective Actions
Technical Comments