Background
The Minority Business Development Agency (MBDA) was established in 1969 to lead federal government efforts to promote the growth and global competitiveness of minority business enterprises. Although MBDA has developed a variety of programs in addition to advocacy, research, and information efforts, it has committed significant resources to the MBDA Business Center (MBC) program to accomplish its goals. From fiscal years (FYs) 2012 through 2016, the MBC program accounted for about 45 percent of MBDA’s annual appropriations.

Why We Did This Review
Our audit objective was to review the adequacy of MBDA’s management of its cooperative agreements. Specifically, for the MBC program, we (1) evaluated controls over application review and award approval processes; (2) reviewed processes for monitoring performance and compliance with programmatic requirements for MBC awards; and (3) determined whether performance accomplishments reported by MBCs are supported and verified. Overall, we did not find significant problems with the process for awarding cooperative agreements; however, opportunities exist to improve the administering of these agreements.

MINORITY BUSINESS DEVELOPMENT AGENCY
MBDA Can Improve Processes to More Effectively Monitor Cooperative Agreements
OIG-17-029-A

WHAT WE FOUND
Overall, we did not find significant problems with the process for awarding cooperative agreements; however, opportunities exist to improve the administering of these agreements. Specifically, we found the following:

- **MBDA did not provide adequate oversight for some MBCs and did not identify, resolve, and maintain documentation of MBC deficiencies.** We found that MBDA did not have a fully effective process for detecting and following up on MBCs with deficiencies identified during site visits and reviews of performance reports and single audit reports.
- **MBDA’s oversight of program income and non-federal cost share requirements does not ensure MBCs provide their share of project costs for each funding period.** MBDA did not ensure MBCs comply with financial assistance award terms for collecting and using program income. In addition, neither MBDA nor the National Oceanic and Atmospheric Administration (NOAA) ensured MBCs regularly met their share of total project costs.
- **Current policies and procedures do not ensure quality reporting of some of MBDA’s performance accomplishments.** We found problems regarding MBDA maintaining required supporting documentation, and verifying and validating the accuracy of performance accomplishments submitted by MBCs.

WHAT WE RECOMMEND
We recommend that the MBDA National Director

1. Comply with the interagency agreement and the Department of Commerce Grants and Cooperative Agreements Manual (Grants Manual) by ensuring that program analysts: (a) document results of their site visits; (b) document recommended remedies for deficiencies identified through site visits; (c) document that single audit findings have been fully resolved; and (d) provide all this information to the NOAA grants officer for inclusion in the official award file.
2. Coordinate with NOAA Acquisition and Grants Office (AGO) to ensure the grants officer provides single audit reports for MBDA’s review and comment as required by the interagency agreement.
3. Comply with the interagency agreement and Grants Manual by ensuring the program office notifies the grants officer when there are potential or existing problems, financial inconsistencies, or noncompliance on MBC agreements.
4. Implement procedures to work with the grants officer to: (a) identify and follow up with MBCs that have not met program income and non-federal cost share requirements during each funding period of the agreement; and (b) ensure program income collected that exceeds the budgeted amount is used to further program purposes.
5. Establish guidance to assist MBCs in reporting jobs created and retained.
6. Implement the necessary controls for verifying the reasonableness and accuracy of MBC reported jobs created and retained data before approving the transactions.
7. Enforce procedures detailed in the MBDA Business Center Program Standards Handbook requiring that MBCs submit mandatory documents to support performance transactions.
8. Ensure performance results are verified and included in the appropriate annual performance reports.
9. Implement procedures to ensure that supporting documentation to validate MBC performance accomplishments and monitor cooperative agreements are properly stored, maintained, and accessible to program office staff.