



# Report In Brief

U.S. Department of Commerce Office of Inspector General

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## Why We Did This Review

Despite decreased FY 2004 appropriations, MBDA performance reporting under the Government Performance and Results Act showed an unexplained 300+ percent increase in the number of clients assisted that year by the agency's Minority Business Opportunity Committees (MBOCs).

## Background

A 2003 OIG review of MBDA's FY 2002 performance reporting found that the agency (1) had overstated its accomplishments under the measure, "Dollar value of contracts awarded to assisted minority businesses," and (2) did not verify results until after they were issued. An FY 2002 audit of the Los Angeles MBOC had shown that the committee's performance claims for calendar years 1999-2001 were questionable. In response to these earlier reviews, MBDA officials acknowledged the need to strengthen their oversight of performance measures and associated reporting. The unusual spike in FY 2004 numbers suggested that MBDA's performance reporting was still questionable.

To view the full report, visit <http://www.oig.doc.gov/oig/reports/2005/MBDA-FSD-17252-5-0001-09-2005.pdf>.

## Minority Business Development Agency

### ***Value of MBDA Performance Measures Is Undermined by Inappropriate Combining of Program Results and Unreliable Performance Data from MBOC Program (FSD-17252)***

#### What We Found

We assessed the process MBDA uses to measure, monitor, report, and verify the performance of Minority Business Opportunity Committees and other programs, and identified the following problems:

- In reporting its FY 2004 performance, the agency combined results from three significantly different programs—MBOCs, Business Development Centers (BDCs), and the Phoenix program. Combining the three programs inflated the numbers, undermined the usefulness of key performance measures for assessing the accomplishments of each individual program, and suggested that the programs are comparable, but they are not. The BDC program provides the highest level of services and the Phoenix program provides the lowest. The bulk of clients assisted in FY 2004 were from the Phoenix program.
- The reliability of results reported by MBOCs to MBDA was diminished by unclear definitions, inconsistent guidance, inadequate verification, and poorly supported claims of the dollar value of procurements and contracts the committees helped clients achieve. Because of these weaknesses, several of the MBOCs we reviewed overstated their accomplishments.

#### What We Recommended

We recommended the MBDA director ensure that MBDA

- Report performance measures of its major programs separately and clearly to reflect the different levels of service provided by individual programs.
- Clearly define (1) key MBOC performance terms and guidance to minimize opportunities for confusion and (2) the types of contract actions that are acceptable for inclusion in the "dollar value of contract awards obtained" measure.
- Implement sound practices to ensure that MBOCs obtain and maintain required documentation to properly support all claims.
- See that regional offices and headquarters implement effective monitoring and oversight that will provide stakeholders with reasonable assurance of the reliability of its performance measures.