DoD SBIR/STTR Training

WASTE

January 29, 2016

What is **Waste**?

Waste is extravagant, careless, or needless expenditure of government funds, or the consumption of government property that results from deficient practices, systems, controls, or decisions.

Who's **responsible** for waste?

Individuals who waste DoD resources can include contractors, subcontractors, civilian employees, and individual service members.

What **contributes** to waste?

A lack of knowledge and controls may limit even the best efforts to reduce waste.

There are **3 types** of waste. What are they?

Type 1

Lack of Monitoring

A lack of monitoring, or follow up if questions arise, by government personnel to ensure that the awardee meets all requirements and performs the agreed upon work.

Examples

Not verifying if an awardee meets all required conditions of eligibility to receive an award and provides all required certifications.

Not verifying if the small business has the ability to perform in accordance with the terms and conditions of the award.

Not ensuring that the awardee performs all of the work proposed in their application.

Type 2

Not Checking for Duplicate Awards

Not researching the awardee to ensure that they have not received SBIR funds for similar or overlapping work.

Examples

Not searching SBA TechNet, Google, and other resources prior to award for the applicant , key individuals in the proposal, and similar abstracts to make sure that the small business is not receiving duplicate funds.

Not checking the small businesses certification before the award and document the funding agreement that the certification evidenced the small business has not already received funding for the same work.

Not checking both parties in a joint venture to ensure that neither has received funding for similar work.

Type 3

Fraud Committed By Small Businesses

Acts of fraud committed by small businesses submitting proposals for SBIR/STTR waste resources that could go to deserving businesses. Acts of fraud are more thoroughly covered in the fraud module.

Examples

Submitting **certifications that misrepresent a company's eligibility**, including certifying that the company can do in-house research when it doesn't have the capability.

Using SBIR funds to pay for cars, property, home renovations, or other **purchases that enrich individuals**, rather than completing research.

Receiving funds, but **not using the money to perform** the agreed upon work.

Receiving **multiple payments for the same work** product from different agencies.

WASTE CASE STUDY
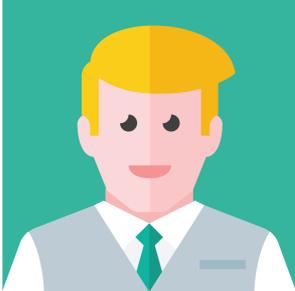
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As part of Gerald's responsibilities, he reviews SBIR Phase I and Phase II proposals. Before a contract can be awarded, his tasks include **ensuring the awardee meets all required eligibility and has not already received SBIR funds for the same work.**
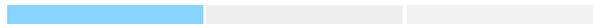
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During the review process, Gerald feels overwhelmed by the number of proposals he has to review. He decides to **take some shortcuts** during the process to make sure that he's able to complete all of his work. He thinks that the likelihood of a small business submitting a proposal for work they've already completed is low, so he plays the odds and **doesn't check to see if any of the proposals he is reviewing have already been funded by another component or agency**.

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Unfortunately, an audit later uncovered that **two awardees**, which Gerald was responsible for reviewing before the award, **had duplicated Phase I awards**. This duplication of funds was not caught until after the offending small business had already used the funds. Gerald's neglect of his responsibilities led directly to the waste of DoD resources and taxpayer money. Gerald was later **transferred to another position** where he no longer supports the DoD SBIR program.
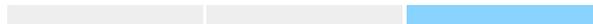
Congratulations!

You've finished the lesson on waste