

# AUDIT REPORT

## THE SMALL BUSINESS ADMINISTRATION'S BOOTS TO BUSINESS GRANT AWARD





## EXECUTIVE SUMMARY

Audit Report  
No. 16-12

### THE SMALL BUSINESS ADMINISTRATION'S BOOTS TO BUSINESS GRANT AWARD

#### What OIG Reviewed

The Small Business Administration (SBA) designed the Boots to Business (B2B) Program to provide transitioning service members interested in exploring business ownership or other self-employment opportunities with technical assistance and access to information on available resources and start-up capital.

Our objective was to determine whether SBA awarded a \$3 million grant for the B2B Program in accordance with applicable Federal laws and regulations and other guidance.

#### What OIG Found

SBA designed and included in its program announcement a process to evaluate B2B grant applications. However, reviewers responsible for evaluating and scoring applications did not consistently follow evaluation guidance. Additionally, although officials in the Office of Veterans Business Development (OVBD) met with the reviewers to discuss which applicant should be selected to receive the \$3 million award, SBA has no documentation delineating or rationalizing its final selection of Syracuse University. Because SBA lacked such documentation, it could not demonstrate that it made a merit-based selection in awarding the \$3 million grant to Syracuse University.

Overall, these issues may have been prevented if officials in the Office of Grants Management and OVBD had provided effective oversight and SBA had a current Standard Operating Procedure (SOP) for grants management that: (1) provided clear guidance on how to develop program-specific review criteria; (2) clearly defined the roles and responsibilities of grants and program personnel involved in the evaluation process;

and (3) ensured grants and program personnel maintained a record of the evaluation process.

#### OIG Recommendations

We made four recommendations to improve SBA's oversight of grants management. We recommend that until SBA issues the new grants management SOP, the Chief Operating Officer (COO) implement interim procedures to ensure grant award activities are properly conducted and documented. We also recommend that the COO, when updating and issuing the new grants management SOP: (1) include procedures to oversee review teams to ensure they properly complete evaluation documents and evaluate all eligible grant applicants, (2) further clarify the roles and responsibilities of grants and program personnel involved in the evaluation process, and (3) include procedures to ensure a written record of all data used, discussions held, and decisions made on grant applications is maintained in the official grant file and readily available for examination.

#### Agency Response

SBA management agreed to implement our four recommendations. In particular, SBA's Office of Grants Management is completing interim procedures and continues to develop a revised and updated grants management SOP, which should be completed by June 1, 2016.



**U.S. SMALL BUSINESS ADMINISTRATION  
OFFICE OF INSPECTOR GENERAL  
WASHINGTON, D.C. 20416**

---

**Final Report Transmittal**  
Report No. 16-12

**DATE:** March 28, 2016

**TO:** Maria Contreras-Sweet  
Administrator

Douglas Kramer  
Deputy Administrator

Matthew Varilek  
Chief Operating Officer, Office of Chief Operating Officer

Barbara Carson  
Associate Administrator, Office of Veterans Business Development

**FROM:** Troy M. Meyer /s/  
Assistant Inspector General for Audit

**SUBJECT:** The Small Business Administration's Boots to Business Grant Award

This report presents the results of our audit of the Small Business Administration's (SBA) Boots to Business (B2B) Grant Award. The objective of our audit was to determine whether SBA awarded the B2B grant in accordance with applicable Federal laws, regulations, and other guidance. We previously furnished copies of the draft report and requested written comments on the recommendations. SBA management's comments are appended and were considered in finalizing the report.

This report contains four recommendations that SBA agreed to implement. Please provide us within 90 days your progress in implementing the recommendations.

We appreciate the cooperation that we received from your staff during our audit. Please contact me if you would like to discuss this report or any related issues.

cc: Nick Maduros, Chief of Staff  
Melvin F. Williams, Jr., General Counsel  
Martin Conrey, Attorney Advisor, Legislation and Appropriations  
Tami Perriello, Chief Financial Officer  
LaNae Twite, Director, Office of Internal Controls

## **Table of Contents**

---

Introduction.....	1
Boots to Business Program – Pilot.....	1
Boots to Business Program – Interim Funding .....	2
Boots to Business Program – Fully Operational .....	2
Audit Objective .....	2
Finding 1: SBA Compromised the Integrity of its B2B Grant Award Selection Process.....	3
Recommendations.....	6
Analysis of Agency Response.....	6
Appendix I: Scope and Methodology.....	8
Review of Internal Controls.....	8
Appendix II: B2B Program Curriculum .....	9
Appendix III: B2B Grant Evaluation Criteria.....	10
Appendix IV: Agency Comments.....	13

## Introduction

---

Over 250,000 service members transition out of the military each year. For these service members, entrepreneurship and small business ownership are key opportunities as they transition into civilian life. In August 2011, the President announced a “Reverse Boot Camp” for service members transitioning from military to civilian life. To support the President’s initiative, the Department of Defense (DOD) worked closely with other Federal agencies, including the Small Business Administration (SBA), to develop reforms to ensure that every service member received the training, education, and credentials needed to transition into the civilian workforce. This work group agreed that SBA, with its vast network of expert entrepreneurial development partners (small business development centers, women’s business centers, and SCORE Association), was uniquely positioned to develop and provide entrepreneurship training to transitioning service members through the Transition Assistance Program (TAP) sponsored by the Department of Labor (DOL).<sup>1</sup> The Small Business Act requires SBA’s veteran business outreach centers (VBOC) to regularly participate nationally in DOL’s TAP workshops. The Small Business Act also authorizes VBOCs to provide grants to entities in TAP locations to make presentations on opportunities available from SBA for recently separated or separating veterans. Within SBA, the Office of Veterans Business Development (OVBD) is primarily responsible for VBOCs and programs to assist veterans.<sup>2</sup>

### Boots to Business Program – Pilot

In September 2012, SBA provided Syracuse University \$450,000 to develop a new veteran’s assistance program with a performance period of September 2012 to September 2013. To fund this initiative, SBA’s Office of Grants Management (OGM) modified an existing Syracuse University grant that supported another veteran’s assistance program.<sup>3,4</sup> This modification allowed SBA to avoid duplicating prior development efforts, and to leverage expertise and materials already funded and developed through the existing veterans’ program. For the new veterans’ assistance program entitled Boots to Business (B2B): From Service to Startup, Syracuse University was to develop materials and deliver a pilot at selected United States Marine Corps installations in four phases:

Phase 1: Introduction to Entrepreneurship video.

Phase 2: 90-minute classroom training.

Phase 3: Two-day classroom training.

Phase 4: 8-week online course.

The modified grant agreement between SBA and Syracuse University also gave the Agency certain rights and license to B2B Program materials.<sup>5</sup> During the grant performance period, SBA’s resource

---

<sup>1</sup> Public Law 112-56 Sec. 221 required, with certain exceptions, the mandatory participation of members of the Armed Forces in the Transition Assistance Program of the Department of Defense.

<sup>2</sup> 15 U.S.C §657b (Section 32 of the Small Business Act).

<sup>3</sup> The Syracuse Entrepreneurship Training Program for Veterans, Women and Reservists Families (SET).

<sup>4</sup> OGM falls under the Office of the Chief Operating Officer and was responsible for the non-programmatic aspects of the grant, while OVBD was responsible for programmatic functions.

<sup>5</sup> In essence, because SBA owned the rights and license to these materials, it could have awarded the grant to deploy the B2B Program to any eligible entity. These materials included all written, graphic, audio and visual material, and websites.

partners delivered B2B services as a component of the technical assistance provided under their existing core grants.

### **Boots to Business Program – Interim Funding**

Three months after the B2B Program pilot completed, SBA awarded Syracuse University a new grant for \$100,000 to honor the Agency’s commitment to provide one session of the B2B Program per quarter at each of the 151 military installations in the continental United States. The performance period for this grant award was December 31, 2013 through June 29, 2014. According to award documents, SBA used interim funding because it had not been appropriated its full budget and was operating under a short-term continuing resolution. As such, the Agency indicated that it was unable to make a permanent competitively-awarded grant to support the B2B Program when the pilot ended.

### **Boots to Business Program – Fully Operational**

In February 2014, SBA announced the B2B Program as a full program, which included global deployment, to provide entrepreneurship training, curriculum development and program management support services for the global delivery of the B2B Program. In accordance with Office of Management and Budget (OMB) requirements, staff in OGM posted the announcement for the B2B Program to Grants.gov.<sup>6</sup> After Grants.gov performed an electronic screening, OGM staff retrieved 10 eligible applications from the system and provided them to the grant officer technical representative (GOTR) in OVBD, initiating the evaluation process. Ultimately, SBA awarded Syracuse University the \$3 million B2B grant with a performance period of April 1, 2014 through March 31, 2015.

The B2B curriculum was comprised of three phases.<sup>7</sup> At a minimum, service members transitioning out of the military or retiring were required to attend a 10-minute video presentation regarding SBA resources available to help access start-up capital and other technical assistance. This video presentation was provided during the Entrepreneurial Track Review, which was the first of the three phases within the B2B curriculum.

### **Audit Objective**

Our objective was to determine whether SBA awarded the B2B grant in accordance with applicable Federal laws, regulations, and other guidance.

---

<sup>6</sup> M-04-01, *OMB Issues Grants.gov FIND Policy* (October 15, 2003); 2 CFR § 200.203.

<sup>7</sup> See Appendix II for a description of each of the three phases.

## Finding 1: SBA Compromised the Integrity of its B2B Grant Award Selection Process

---

SBA designed and included in its program announcement a process to evaluate B2B grant applications. However, reviewers responsible for evaluating and scoring applications did not consistently follow evaluation guidance. Additionally, although OVBD officials met with the reviewers to discuss which applicant should be selected to receive the \$3 million award, SBA has no documentation delineating or rationalizing its final selection of Syracuse University. Because SBA lacked such documentation, it could not demonstrate that it made a merit-based selection in awarding the \$3 million grant to Syracuse University. Overall, these issues may have been prevented if OGM and OVBD officials had provided effective oversight and SBA had a current and active Standard Operating Procedure (SOP) for grants management that: (1) provided clear guidance on how to develop program-specific review criteria; (2) clearly defined the roles and responsibilities of grants and program personnel involved in the evaluation process; and (3) ensured grants and program personnel maintained a record of the evaluation process including written summaries, assessments, approvals and disapprovals, recommendations, and the final selection decision.

OMB grants guidance requires Federal awarding agencies to design and execute a merit review process for competitive grants or cooperative agreements and to include this process in agencies' program announcements.<sup>8</sup> Accordingly, OVBD's B2B program announcement outlined, in part, application submission instructions and application evaluation criteria. Reviewers were to evaluate applications and assign scores for each of the four factors shown in Table 1.<sup>9</sup> The maximum score an application could receive was 100 points.

**Table 1. Factors for Evaluation of B2B Grant Applications**

<b>Evaluation Factors</b>	<b>Points</b>
Organizational Experience and Capacity (OE&C)	40
Project Design (PD)	20
Project Management (PM)	20
Collaboration and Leveraging of Resources (C&LR)	20
<b>Maximum Score</b>	<b>100</b>

Source: B2B Program Announcement

OVBD identified five Agency employees to serve on a review team to evaluate the ten eligible applications; however, due to various reasons, three were unable to participate.<sup>10</sup> Ultimately, the review team consisted of two SBA employees: an employee from the Office of Entrepreneurial Development (Reviewer 1) and an employee from OVBD (Reviewer 2). To facilitate the evaluation process, OVBD provided the reviewers with instructions for assessing applicants' strengths and weaknesses, including a template (evaluation document) to ensure they addressed all the critical elements within the four evaluation factors. The reviewers were also required to complete a

---

<sup>8</sup> M-03-16, OMB Issues Grants Management Policies, July 15, 2003. Additionally, OMB reemphasized this requirement in its *Super Circular 2* CFR, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Section 204, December 26, 2014.

<sup>9</sup> Appendix III shows the full details of the evaluation criteria (critical elements for each factor) that reviewers used to score applicants.

<sup>10</sup> The five SBA employees originally identified to serve on the review team were from the following program offices: Office of Entrepreneurial Development (1), Office of Financial Oversight (1), Office of Field Operations (2), and OVBD (1). OVBD evaluated all 10 eligible applications because it was a low number.

checklist, *Required Forms and Attachments*, to help identify missing and incomplete application documents.

However, we found that the reviewers did not always follow OVBD’s instructions, which diminished the reliability and value of the review results. For example, in Table 2 we found instances where the reviewers’ scores differed drastically. Specifically, Reviewer 2 gave Applicant 7 a score of 0, even though Reviewer 1 gave the applicant a score of 79. Reviewer 1 did not score Applicant 8, which by default resulted in a score of 0, even though Reviewer 2 assigned a score of 75. Notwithstanding the inconsistencies, the reviewers never met to reconcile their scores.

**Table 2. B2B Grant Evaluation Scores Assigned by Reviewers**

Applicant	Reviewer 1					Reviewer 2					Total Average
	OE&C1	PD1	PM1	C&LR1	Total Points	OE&C2	PD2	PM2	C&LR2	Total Points	
Syracuse University	36	16	17	18	87	36	16	20	20	92	89.5
2	37	16	16	16	85					83	84
3	34	17	17	15	83	32	14	13	20	79	81
4	30	18	17	16	81					79	80
5	27	16	12	14	69	29	14	15	15	73	71
6	30	13	12	10	65					70	67.5
7	36	15	17	11	79					0	39.5
8						29	14	14	18	75	37.5
9		10	11	9	30	15		10	10	35	32.5
10	12	9	8	4	33	10	0	0	0	10	21.5

Source: Scores obtained from evaluation documents provided by OVBD as completed by the two reviewers.

Reviewer 1 told us she did not provide a score for Applicant 8 because OVBD did not provide her the application package. OVBD personnel told us after they realized that Reviewer 1 had not evaluated the application, they decided to exclude the applicant from further consideration, citing time constraints and application deficiencies.<sup>11</sup> Not only was Reviewer 1 unaware of this applicant, neither reviewer knew how the other scored the applicants. We noted that OVBD’s evaluation process did not include roles and responsibilities for the oversight of the review team or cover the extent to which the reviewers should communicate. Increased communication between the reviewers could have clarified why reviewers’ scores differed significantly and also identified that Reviewer 1 did not receive an application for review.

Furthermore, Reviewer 2 provided minimal written support on the strengths and weaknesses for the critical elements that made up each of the four evaluation factors, as instructed by OVBD. In fact, for four applicants, Reviewer 2’s evaluation documents showed that she did not assign any points to the four evaluation factors yet assigned total points.<sup>12</sup> OVBD personnel later assigned points to the four evaluation factors for these four applicants but had no supporting documentation and could not explain how they derived the points. Moreover, for 9 of the 10 applicants, Reviewer 2 did not complete the checklist, *Required Forms and Attachments*, and for at least 5 applicants, Reviewer 1 identified documents as being submitted when, in actuality, they were missing. We examined application documents and found that each applicant had at least one required document that was incomplete or missing. For example, Applicant 2 and Applicant 3 did not include a conflict of interest policy in their application packages. In addition, Syracuse University did not include a detailed and complete milestone timetable for the 12-month budget period. While Table 2 shows

<sup>11</sup> Deficiencies identified by OVBD included missing documents and the fact that too many of the applicant’s family members were listed as employees.

<sup>12</sup> Blank spaces in the table indicate that a reviewer did not assign points.

that no applicant received 100 points, the reviewers' evaluation documents did not identify whether they deducted points for missing or incomplete documents. OVBD's evaluation instructions noted that the reviewers were to deduct points for missing or incomplete application documents; however, the instructions did not specify the number of points to deduct.

While four applicants received the minimum average score of 80 points necessary to be considered for final selection by OVBD management, the grant officer's technical representative (GOTR) and Reviewer 1 provided conflicting accounts about which applicants were actually considered. According to the GOTR, the review team met with OVBD management and considered the top scoring applicants. However, Reviewer 1 stated that only the top two scoring applicants (Syracuse University and Applicant 2) were considered. Additionally, Reviewer 1 told us that they also discussed splitting the \$3 million grant to fund both applicants, but the group decided to award the full amount to Syracuse University. SBA could not produce documentation concerning the rationale for selecting Syracuse University, even though the *Standards for Internal Control in the Federal Government* requires agencies to clearly document significant events and have the documentation readily available for examination.<sup>13</sup> The program office did not take meeting minutes and has no written record of the discussions. Consequently, OGM did not have a record of such discussions in the official grant file, in part because OGM had not defined what documents to maintain in the official grant file, beyond the grant application. A written record of the B2B award decision was critical for SBA because the most senior program official involved in the decision-making process has left SBA and other pertinent personnel cannot remember the details of how OVBD made its final selection. As a result of the aforementioned deficiencies, SBA undermined the transparency of the award to Syracuse University.

We found that SBA did not have updated procedures to guide the evaluation process for awarding competitive grants. When we spoke to OVBD and OGM personnel, they stated they did not utilize existing grants guidance because it was outdated (1985).<sup>14</sup> Even with this outdated guidance, we believe that OVBD and OGM still had the responsibility to ensure that reviewers properly evaluated all eligible grant applications and that all major decisions were documented. SBA is in the process of updating its existing guidance for grants management; however, we noted that the draft SOP does not address some of the deficiencies we identified in this report. Specifically, the draft SOP does not fully address the level of documentation that should be included in the official grant file. The new SOP should also clearly define the roles and responsibilities of grants and program personnel involved in the evaluation process. To ensure that SBA properly conducts and documents grant award activities and each eligible applicant receives fair and equitable consideration, we recommend that SBA take the following steps to protect the integrity of the Agency's award selection process.

---

<sup>13</sup> GAO AIMD-00-21.3.1, *Standards for Internal Control in the Federal Government*, establishes standards regarding appropriate documentation of transactions and internal control.

<sup>14</sup> SBA's existing grant guidance is included in SOP 00 11 1, *Small Purchases, Contracts, Grants and Cooperative Agreements* (1985).

## Recommendations

We recommend the Chief Operating Officer:

1. In the interim, until SBA issues the new grants management SOP, implement procedures to ensure the Agency properly conducts and documents grant award activities.
2. When updating and issuing the new grants management SOP, include procedures to oversee review teams and ensure reviewers properly complete evaluation documents and conduct an evaluation for all eligible grant applicants.
3. When updating and issuing the new grants management SOP, further clarify the roles and responsibilities of grants and program personnel involved in the evaluation process.
4. When updating and issuing the new grants management SOP, include procedures to ensure a written record of all data used, discussions held, and decisions made on grant applications is maintained in the official grant file and readily available for examination.

## Analysis of Agency Response

SBA management provided formal comments that are included in their entirety in Appendix IV. SBA management agreed to implement our four recommendations by June 1, 2016.

## Summary of Actions Necessary to Close the Report

The following provides the status of each recommendation and the necessary action to either resolve or close the recommendation.

- 1. In the interim, until SBA issues the new grants management SOP, implement procedures to ensure the Agency properly conducts and documents grant award activities.**

**Resolved.** The COO concurred with our recommendation and plans to complete final action on this recommendation by April 1, 2016. This recommendation can be closed upon the COO providing a copy of the interim procedures and evidence of a policy directive requiring program offices to use these procedures.

- 2. When updating and issuing the new grants management SOP, include procedures to oversee review teams and ensure reviewers properly complete evaluation documents and conduct an evaluation for all eligible grant applicants.**

**Resolved.** The COO concurred with our recommendation and plans to complete final action on this recommendation by June 1, 2016. This recommendation can be closed upon the COO providing a copy of the updated procedures and evidence of a policy directive requiring program offices to use these procedures.

- 3. When updating and issuing the new grants management SOP, further clarify the roles and responsibilities of grants and program personnel involved in the evaluation process.**

**Resolved.** The COO concurred with our recommendation and plans to complete final action on this recommendation by June 1, 2016. This recommendation can be closed upon the COO providing a copy of the updated procedures and evidence of a policy directive requiring program offices to use these procedures.

- 4. When updating and issuing the new grants management SOP, include procedures to ensure a written record of all data used, discussions held, and decisions made on grant applications is maintained in the official grant file and readily available for examination.**

**Resolved.** The COO concurred with our recommendation and plans to complete final action on this recommendation by June 1, 2016. This recommendation can be closed upon the COO providing a copy of the updated procedures and evidence of a policy directive requiring program offices to use these procedures.

## Appendix I: Scope and Methodology

---

Our objective was to determine whether SBA awarded the B2B grant in accordance with applicable Federal laws, regulations, and other guidance.

In conducting this audit, we interviewed SBA officials from both OGM and OVBD. We also reviewed Federal laws and regulations and SBA policies and procedures. We reviewed the 10 applications received in response to SBA's program announcement. We also reviewed documents related to grant award procedures including correspondence between OGM and OVBD. We relied on official copies of all applicant submissions that OGM obtained from Grants.gov, the Federal Government's online application system. Grants.gov provides one central portal where organizations and individuals can electronically find and apply for grants throughout the Federal Government. In addition, to assess whether reviewers conducted evaluations consistently and in accordance with evaluation instructions, we relied on source documentation that supported applicant scores and rankings. We believe the information was reliable for the purposes of this audit.

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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

### Review of Internal Controls

SBA's SOP 00 02 2, *Internal Control Systems*, provides guidance on implementing and maintaining effective internal control systems, as required by OMB Circular A-123.<sup>15</sup> OMB Circular A-123 provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal controls.<sup>16</sup>

The scope of this audit was limited to SBA's awarding of the B2B grant. Accordingly, we limited our assessment to controls governing the grant award process. We identified weaknesses and deficiencies in OVBD's and OGM's oversight and found that SBA's internal controls neither ensured that reviewers properly evaluated all eligible grant applications nor that management documented its final decision and rationale.

---

<sup>15</sup> SOP 00 02 2, *Internal Control Systems* (January 1986)

<sup>16</sup> OMB Circular A-123, *Management's Responsibility for Internal Control*, (December 21, 2004).

## **Appendix II: B2B Program Curriculum**

---

### **Phase 1: The Entrepreneurial Track Review (mandatory)**

- An informational video shown during the core TAP course introduces entrepreneurship as a post-service career option.

### **Phase 2: Introduction to the Entrepreneurship Two-Day Course (optional)**

- A 2-day course offered as a TAP training track course for those interested in learning more about the opportunities and challenges of business ownership. Subject matter experts and practitioners from SBA and its network of partners teach the course at over 165 military installations worldwide. Participants learn business fundamentals and techniques for evaluating the feasibility of their business concepts.

### **Phase 3: Foundations of Entrepreneurship Course (optional)**

- After completing the Introduction to Entrepreneurship class, transitioning members of the Armed Forces and their spouses can elect to further their study through an instructor-guided, high-touch, 8-week online course taught by professors from a consortium of accredited universities led by the Institute for Veterans and Military Families at Syracuse University. By dedicating a minimum of 10 hours per week to connected and independent study, participants work through the fundamentals of developing an actionable business plan. After completing the B2B program, participants will have the tools and knowledge they need to identify a business opportunity, draft a business plan, and launch their enterprise.

## **Appendix III: B2B Grant Evaluation Criteria**

---

### **Organizational Experience and Capacity (40 Points)**

Applicants will be evaluated on their demonstrated ability to support the Transition GPS Boots to Business Training program and shall use funds for that purpose. The successful grant awardee will provide evidence and documentation of capabilities to execute:

- Providing a network of diverse and experienced entrepreneurship instructors with the capability and capacity to teach for the “Foundations” online course.
- Providing a network of diverse and experienced instructors to travel and teach the “Intro” course on military installations overseas in Germany, Italy, Japan, and Korea.
- Production and global distribution and supply chain management of all course materials in coordination with SBA OBVD, District Offices, Resource Partners, and VBOCs.
- Management of SBA owned course curricula including incorporating feedback for continuous improvement and maintaining compatibility with DOD learning management systems and other distance learning platforms as required.
- Development and execution of marketing activities, including website administration, content generation and coordination, print and video collateral production and distribution, social media outreach and event production.
- Data collection, analysis, and reporting on metrics and measures for program outcomes assessment.
- Collaboration on all program elements with SBA Office of Veterans Business Development (OVBD), SBA District Offices, SBA Resource Partners, and VBOCs and assigning dedicated project management resources to ensure all deliverables are met.

In addition, please discuss/include:

- Experience and capability in providing entrepreneurship training to transitioning service personnel or similar customers/clients, including the number of years conducting such activities and process for selection and recruitment of experienced entrepreneurship educators as trainers, as well as the ability to provide instructors to beneficiaries in other countries with U.S. military presence.
- Prior experience and approach to measuring outcomes for entrepreneurship education and training. Please provide examples of metrics and frameworks used.
- Letters/memoranda from Applicants’ Institutions/organizations committing resources in support of *Boots to Business* including staff, equipment, and finances. Records of financial support from private-sector donors providing capital for continuous training, technical and mentorship assistance to further enhance the success of transitioning service members interested in starting new or expanding established small firms.
- Sources of capital, including a brief description of their strategies for raising such capital;
- Responses/corrective actions to any qualified audit opinions or A-133 audit findings.

### **Project Design (20 Points)**

Applicants will be evaluated on their understanding of the purpose of the *Boots to Business* Grant Program, and the role of the applicant in providing superior entrepreneurship instruction to beneficiaries. The project design must include a production plan for delivering the “Foundations” course at the minimum required capacity and the “Intro” course to overseas U.S. military installations; a production plan for course training materials, and a plan for developing and

executing assessment methodologies to evaluate the outcomes and effectiveness of all training programs and associated initiatives such as marketing and promotional activities.

Specific topics Applicants must address include:

- Projected milestones/timelines for program activities and program accomplishments;
- Number of anticipated beneficiaries trained during the 8-week online course annually (The requirement is to have available capacity to train 3725 “Foundations” participants in the first full year from Award.)
- Proposed and cost and schedule to deliver “Intro” course to overseas U.S. military installations to meet the following requirements in the first full year of delivery:
- Planned assessment methodologies / outcomes measures for program participants in the “Foundations” online course.

Applicant must include a narrative of no more than 10 pages in length describing the above evaluation criteria and delivery methods as part of its Technical Proposal.

### **Project Management (20 Points)**

Applicants will be evaluated on the strength of their staffing and management plans for accomplishing the goals and objectives of their proposed projects. Applicants must demonstrate they will devote to the project adequate numbers of personnel having sufficient experience, establish clear and direct lines of responsibility and authority for managing and overseeing the project, and show that they will have sufficient facilities and other physical resources at their disposals to accomplish the proposed project. In particular, an Applicant must:

- Identify all key management staff and contractors/consultants, describe their roles in conducting and overseeing the project, stipulate the amount of time they will devote to the project, and provide copies of resumes/position descriptions and an organizational chart;
- Identify all facilities and other physical resources that will be utilized in furtherance of training and technical assistance to beneficiaries, quality, relevant training materials; and maintenance of the approved B2B website. Applicant must provide copies of relevant deeds, leases, free space agreements, rental contracts, memoranda of understanding, etc.;
- Provide copies of all contracts and consulting agreements and identify the employees or officials of the Applicants’ organizations who will be responsible for overseeing and administering those agreements;
- Describe its financial management structure and internal controls and identify all staff members who will be responsible for financial recordkeeping, reporting, the receipt and expenditure of award funds, and addressing audit findings;
- Provide a copy of its conflict of interest policy addressing, at a minimum, procedures for ensuring its employees, consultants and contractors do not assist client firms in which they, their principals, or their immediate family members have a financial interest or fiduciary duty and for ensuring its employees, consultants and contractors do not use their role in the project as a means of marketing their outside services to project clients.

## **Collaboration and Leveraging of Resources (20 Points)**

Applicants will be evaluated on the breadth of their plans for coordinating their proposed activities and working to expand the scope and reach of their project in collaboration with entities such as SBA OVBD, SBA District Offices, SBA Resource Partners and VBOCs, other federal, state, local and tribal government agencies, trade associations, business/industry groups, institutions of higher learning and/or educational organizations. Specifically, an Applicant must provide:

- A collaboration plan with emphasis on curriculum management, marketing and promotional activity coordination, and logistics coordination for overseas “Intro” classes.
- Copies of agreements with, or letters or emails from, the above listed types of organizations pledging to work with the Applicant in order to advance specific B2B Program objectives.

SBA  
CHIEF OPERATING OFFICER'S  
RESPONSE TO AUDIT REPORT



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, DC 20416

Date: March 8, 20116

To: Troy M. Meyer

From: Matthew Varilek /s/  
Chief Operating Officer, Office of the Chief Operating Officer

Barbara Carson /s/  
Associate Administrator, Office of Veteran Business Development

Subj: The Small Business Administration's Boots to Business Grant Award  
Draft Audit Report – No. 15010

We are in receipt of the draft audit report from your office regarding the findings and associated recommendations of the subject report. We want to thank the Office of the Inspector General for the comprehensive work that went into reviewing the Boots to Business Grant Award, developing the draft report, and meeting with us to review the findings and recommendations.

We are in agreement with the findings detailed in the audit report and are taking action on all four recommendations in order to resolve the audit findings. In particular, the Office of Grants Management (OGM) is completing interim procedures to ensure the Agency properly documents all grant award activities. In addition, OGM continues to progress on development of a revised and updated grants management Standard Operating Procedure (SOP).

We appreciate the work of your staff in conducting this audit and share your commitment to maintaining quality standards in the Agency's grant management functions.