



NASA OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDITS
SUITE 8U71, 300 E ST SW
WASHINGTON, DC 20546-0001

February 13, 2025

TO: Assistant Administrator for Procurement
Assistant Administrator for Small Business Programs

SUBJECT: *Audit of NASA's Awards to Small Disadvantaged Businesses*
(ML-25-002; A-24-04-00-MSD)

The Office of Inspector General is closing its audit of NASA's awards to small disadvantaged businesses (SDBs) due to the rescission of an executive order issued by the Biden administration in 2023, which formed the basis for our work. The executive order set a goal of increasing the share of contracts awarded to SDBs from 5 percent to 15 percent by fiscal year (FY) 2025.¹ However, in January 2025, the Trump administration rescinded the executive order, and the SDB goals were reset to the statutory requirement of no less than 5 percent of the total value of all prime contract awards for each FY.² Over the past 5 years, NASA has obligated between \$1.4 million and \$1.6 million to SDBs, exceeding the statutory 5 percent of the total value of prime contract awards for each FY. Given this change in requirements, we have made the determination to close out our audit work.

We assessed NASA's management of SDB participation in Agency contracting and whether NASA has controls in place to verify that the Agency made awards to eligible SDBs. While we are closing our audit, through the course of our work we identified areas which the Agency may want to review as it takes action to improve overall efficiency, including its procurement processes, its use of data, and the accuracy of SDB award data. For example, NASA assigns responsibility for meeting its SDB goals through a goal-setting process at each Center; however, the Center-level goals do not align with the Agency's

¹ Executive Order 14091, *Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government* (February 22, 2023).

² Presidential Action, *Initial Rescissions of Harmful Executive Orders and Actions* (January 20, 2025). The Small Business Act establishes the federal government's minimum government-wide statutory contracting goals for small businesses and specific socioeconomic categories of small businesses, including SDBs. Small Business Act, Pub. L. No. 85-536, 72 Stat. 384, as amended (1958).

final SDB goal negotiated with the Small Business Administration.³ In particular, NASA excludes small business eligible obligations for the Jet Propulsion Laboratory—operated under a contract with Caltech—when establishing the Center-level goals. Additionally, small business specialists—responsible for recommending small business strategies and helping identify businesses that can fulfill agency requirements—are not always involved early in the acquisition planning process.

We also determined that the Agency is working to enhance data capabilities such as the use of dashboards; however, limited funding and budget constraints have hampered these efforts. Lastly, SDB award data, recorded in the federal government’s system of record for all prime procurement data used by agencies and the public, is not always accurate.

We are not making any formal recommendations but have communicated this information to appropriate Office of Procurement and Office of Small Business Programs officials.

We appreciate the courtesies and cooperation provided during this audit.

Brian Mullins
Acting Assistant Inspector General for Audits

³ The Small Business Administration is responsible for implementing the small business goals program to ensure that the various small business and socioeconomic category goals are established each FY for each agency.