

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



**PUBLIC
RELEASE**

***INTERNATIONAL TRADE
ADMINISTRATION***

*Special American Business Internship
Training Program Award Process
Corrected to Ensure Independent
Review Panels*

CFDA No. 11.114

Audit Report No. ATL-10998-9-0001 / September 1999

Office of Audits, Atlanta Regional Office



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EXECUTIVE SUMMARY

The Office of Inspector General has conducted an audit of the fiscal year 1997 criteria, procedures, and practices for soliciting, reviewing, and selecting applications for financial assistance under the International Trade Administration's Special American Business Internship Training Program (SABIT), classified as No. 11.114 in the *Catalog of Federal Domestic Assistance*. The audit was conducted as part of a Department-wide review of Commerce's discretionary financial assistance programs initiated at the request of the Chairman of the Senate Committee on Commerce, Science, and Transportation.

Discretionary financial assistance programs are those programs for which federal agencies have the authority to independently determine the recipients and funding levels of awards. Collectively, these programs involve a significant portion of the Commerce Department's budget and operations, approximately \$1 billion annually.

Through SABIT, ITA provides financial assistance to any qualified for-profit or nonprofit U.S. corporation, association, organization or other public or private entity for training business executives and scientists from the Newly Independent States (NIS) of the former Soviet Union. The program exposes NIS business managers to the American business way of thinking, in which demand, consumer satisfaction, and profits drive production.

ITA reimburses recipient organizations for the round-trip international travel of each intern from the NIS to the U.S. internship site, and provides \$30 per day per intern for the award period, up to six months. Each SABIT award has a cap of \$7,500 per intern. In fiscal year 1997, the program received 64 applications, and issued 28 new awards and 5 renewals totaling more than \$386,000 and \$117,000, respectively. The average award amount was approximately \$15,000.

We examined ITA's criteria, procedures, and practices for soliciting, reviewing, and selecting SABIT applications and found that they generally complied with statutory, departmental and ITA requirements and appeared designed to result in merit-based funding decisions. However, we found that these procedures and practices were not consistently implemented. Specifically, our audit disclosed that ITA:

- Developed and implemented merit-based technical and public policy criteria that were consistent with the objectives of the program, and that were used to evaluate applications for financial assistance, as required by DAO 203-26, Sections 4.02a. and b., and Financial Assistance Notice No. 17, Sections .01 and .03 (see page 6).
- Exceeded the Department's and ITA's requirements that a notice be placed in the *Federal Register*, at least annually, announcing the availability of funds and soliciting award applications, and specifying the criteria and the process to be used in reviewing and selecting applications for funding. The annual notice is required by DAO 203-26, Section 4.02b. ITA's solicitation efforts were sufficient to obtain a widespread response from eligible applicants (see page 7).

- Did not consistently provide an independent review of each 1997 fiscal year SABIT application. Specifically, one of the four review panels for the fiscal year 1997 was not independent of the administration of the SABIT program, as required by DAO 203-26, Section 4.02h.1. Since all applicants, except one scoring 49 or higher were funded, we were unable to determine the effect, if any, of that panel's lack of independence. However, the lack of independence could raise questions as to the fairness of the evaluation process. The problem was corrected during the fiscal year 1997 funding period for subsequent review panels (see page 8).
- Followed established Department and ITA requirements for selecting applications for funding under SABIT (see page 10).

In its response to the draft report, ITA stated that the agency believes that the draft report's recommendation concerning the development and implementation of a policy establishing the independence of review panels has been adopted and consistently implemented since April 1997. ITA also maintains that all SABIT evaluation procedures have been conducted fairly. Finally, ITA asked that the phrase in the title of the report "the process needs more discipline" be removed (see Appendix II).

We believe that a review panel composed entirely of ITA program staff did not provide the desired degree of independence and did not preclude any potential questions about the fairness of the review process. ITA adopted new policies in 1997 and we recognize the positive actions taken. Consequently, we consider our draft report's recommendation as implemented and have eliminated it from the final report. We also have changed the report title to reflect ITA's corrective action.

INTRODUCTION

The International Trade Administration administers the Special American Business Internship Training Program (SABIT), described in the *Catalog of Federal Domestic Assistance (CFDA)* as No. 11.114. The program was established under the Foreign Assistance Act of 1961, as amended. This discretionary funding program provides financial assistance to any qualified for-profit or nonprofit U.S. corporation, association, organization or other public or private entity to assist the former Soviet Union's transition to a market economy. The program exposes business managers and scientists from the Newly Independent States (NIS) of the former Soviet Union to the American business way of thinking in which demand, consumer satisfaction, and profits drive production.

ITA reimburses recipient organizations for the round-trip international travel of each intern from the NIS to the U.S. internship site, and provides \$30 per day per intern for the awarded period, up to six months. Each SABIT award has a cap of \$7,500 per intern. In fiscal year 1997, the program received 64 applications and issued 28 new grants totaling more than \$386,000 and five renewals totaling more than \$117,000.

Competition is generally recognized as the most effective method of ensuring that financial assistance awards are made on the basis of merit. One of the primary purposes of the Federal Grant and Cooperative Agreement Act (31 U.S.C. §6301) is to encourage competition in the award of federal financial assistance to the maximum extent practicable.

The Office of Management and Budget (OMB) has issued guidelines on administering competition-based financial assistance programs for use by federal agencies. An interagency study group, convened in 1979 by OMB to examine competition in financial assistance programs, determined that financial assistance award processes, to ensure effective competition, should include three basic elements. These elements, which were discussed in OMB's June 1980 report, *Managing Federal Assistance in the 1980's*, and are still applicable, include:

- Widespread solicitation of eligible applicants and disclosure of essential application and program information in written solicitations;
- Independent application reviews that consistently apply written program evaluation criteria; and
- Written justification for award decisions that deviate from recommendations made by application reviewers.

Also, OMB has issued the following circulars which set forth the policies and procedures to be followed in administering federal financial assistance programs:

- OMB Circular A-89, *Federal Domestic Program Information*, implements the mandate of the Federal Program Information Act, requiring agencies to systematically and periodically collect and distribute current information to the public on all federal

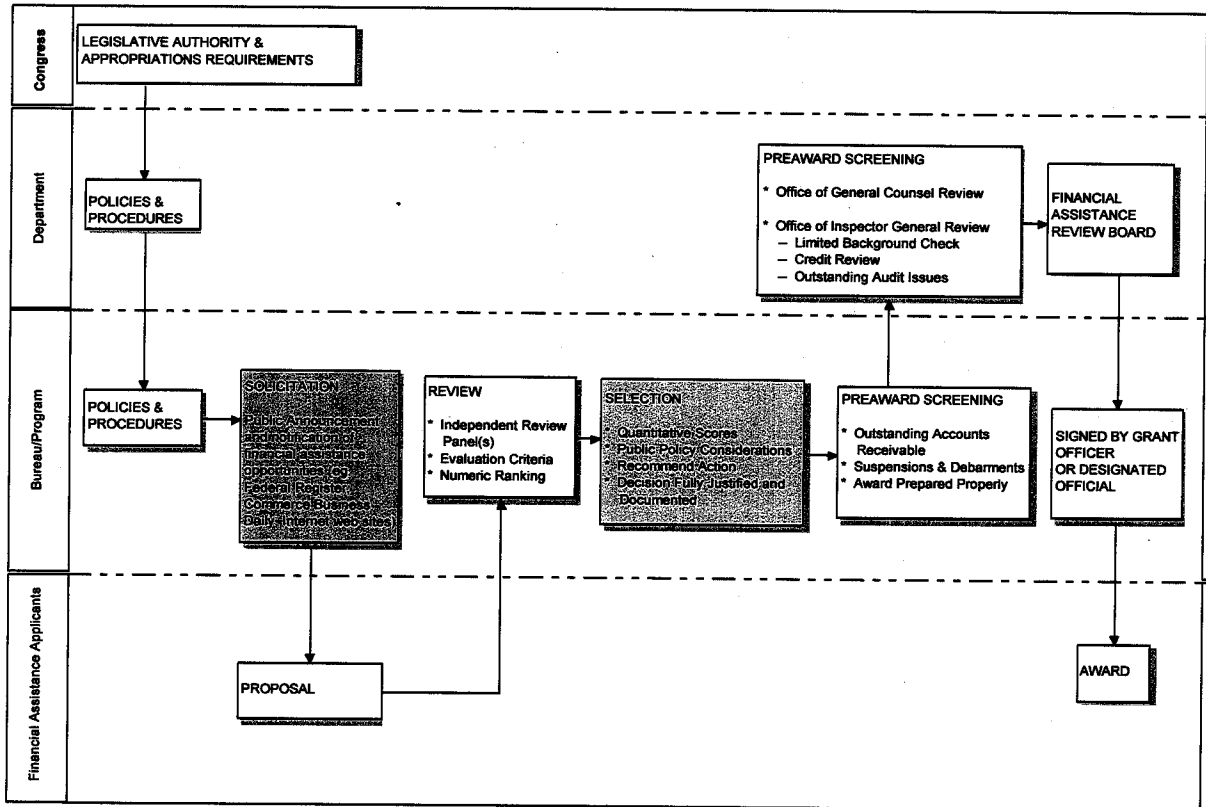
domestic assistance programs, which is accomplished through the semiannual publication of the *Catalog of Federal Domestic Assistance*.

- OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, requires agencies to provide the public with advance notice in the *Federal Register*, or by other appropriate means, of their intended funding priorities for discretionary assistance programs unless such priorities are established by federal statute. Under A-102, when time permits, an agency must provide the public with an opportunity to comment on funding priorities. Finally, A-102 requires all grant awards over \$25,000 to be reviewed for consistency with agency priorities by a policy level official.
- OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Educations, Hospitals, and Other Non-Profit Organizations*, requires agencies to provide the public with advance notice of their intended funding priorities for discretionary assistance programs unless such priorities are established by federal statute.
- OMB Circular A-123, *Management Accountability and Control*, implements the mandates of the Federal Managers' Financial Integrity Act (P.L. 97-255) requiring agencies to establish written procedures for all programs and administrative activities, including financial assistance programs, that provide reasonable assurance that activities are effectively and efficiently managed to achieve agency goals.

Commerce has relied upon these guidelines and circulars in developing and issuing policies and procedures for its discretionary funding programs. Department Administrative Order (DAO) 203-26, *Department of Commerce Grants Administration*, requires that (1) all Commerce financial assistance awards be made on the basis of competitive reviews unless a special waiver is obtained, (2) competitive review processes meet minimum standards outlined in the DAO, and (3) all Commerce agencies publish, at least annually, a notice in the *Federal Register* announcing the availability of funding, soliciting award applications, and specifying the criteria and the process to be used in reviewing and selecting applications for funding.

The chart presented on the following page depicts the process and controls for the solicitation, review, and selection of financial assistance awards described in DAO 203-26. The processes we reviewed are color coded for this chart and the ITA process reviewed is shown in Appendix I.

Department of Commerce Financial Assistance Awards Process



PURPOSE AND SCOPE

This audit was conducted as part of a comprehensive review of the Department of Commerce's discretionary funding programs initiated at the request of the Chairman of the Senate Commerce, Science, and Transportation Committee. The Chairman requested that the Inspectors General of the Departments of Commerce and Transportation and the National Science Foundation review the discretionary funding programs of their respective agencies to assess the manner in which discretionary funding decisions are made. More specifically, the Chairman requested that each IG review and report on the criteria developed, either statutorily or administratively, to guide agency officials in making discretionary spending decisions, and on the extent to which the criteria are appropriately applied.

We are conducting our Department-wide review in two phases: a survey phase and an individual program audit phase. During the survey phase, we identified and examined the body of laws, regulations, and other guidance applicable to the administration of federal financial assistance programs. We also examined the authorizing legislation provided by Department officials for each Commerce financial assistance program and classified each program as either a "full discretion" program or a "limited discretion" program, based on the extent to which the legislation limits the agency's authority to independently determine the recipients and funding levels of the awards made under the program. Finally, we examined fiscal year 1997 appropriations legislation to identify all legislatively mandated awards. No legislatively mandated awards were found.

During the second phase of our review, we are conducting individual audits of the application solicitation, review, and selection processes of each program we have classified as a "full discretion" program, including the SABIT program. We are evaluating the adequacy of each program's established award criteria and the procedures for evaluating individual applications. For those programs with procedures deemed to be adequate, we are ascertaining whether they were followed in making awards in fiscal year 1997. For those programs with procedures considered to be inadequate or lacking, we are reviewing how the fiscal year 1997 award decisions were made. Finally, we are examining the legislatively mandated projects identified for each program and determining their significance and impact on fiscal year 1997 award decisions. We plan to issue individual reports, with any appropriate recommendations, on each program, followed by a capping report summarizing the results of the individual audits and providing recommendations for the Department and/or its bureaus.

On July 21, 1998, the Acting Inspector General and the Chief Financial Officer and Assistant Secretary for Administration testified before the Senate Commerce, Science, and Transportation Committee on the Department's discretionary funding programs. The Acting IG reported on the results of the preliminary, survey phase of the OIG's review, and discussed some of the preliminary observations from the individual program audits.

This performance audit focused on funding decisions made during fiscal year 1997 under SABIT. Specifically, we:

- Reviewed the authorizing legislation, provided by Department officials, and information summarized in the CFDA to identify criteria for funding decisions.
- Reviewed policies and procedures for soliciting and reviewing proposals and selecting recipients for funding (see Appendix I for flowchart of process). We also reviewed ITA's procedures, contained in its *Program Officer's Guide* and the *SABIT Competitive Application Kit* as they applied to the solicitation, review, and selection process and assessed whether they were in accordance with DAO 203-26, *Department of Commerce Grants Administration*, and Office of Federal Assistance, Financial Assistance Notice No.17, *Department of Commerce Guidelines for the Preparation of Federal Register Notices Announcing the Availability of Financial Assistance funds -- Requests for Applications*.
- Compared ITA's procedures with its grant award practices for fiscal year 1997 to determine if the process contained adequate internal controls to provide for competitive, merit-based awards.
- Examined pertinent documents in individual program award files to determine if departmental and ITA policies and procedures were followed.
- Interviewed ITA program office officials and personnel from the Department's Office of Executive Assistance Management (OEAM) concerning ITA's solicitation, review, and selection procedures.
- Examined fiscal year 1997 appropriations legislation to identify legislatively mandated projects and accompanying committee and conference reports to identify projects recommended for funding under this program.

We did not rely upon computer-based data supplied by ITA and OEAM as a basis for our audit findings and recommendations. Consequently, we did not conduct tests of either the reliability of the data or the controls over the computer-based system that produced the data.

We performed the audit fieldwork at ITA headquarters and OEAM in Washington, D.C. during May and June 1998. We conducted the audit in accordance with generally accepted government auditing standards, under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated May 22, 1980, as amended.

FINDINGS AND RECOMMENDATIONS

We found that ITA's criteria, procedures, and practices for soliciting, reviewing, and selecting SABIT award recipients generally complied with statutory, departmental and ITA requirements and promoted merit-based funding decisions. ITA's efforts to solicit applications for SABIT awards exceeded the Department's and its own minimum requirements and generated a widespread response from multiple eligible applicants. ITA used published, merit-based criteria for evaluating applications; however, one of four review panels used during the evaluation process was not independent of the administration of the SABIT program. It was comprised entirely of SABIT program officials. The SABIT program director stated that the review procedures were corrected during the fiscal year 1997 funding period. However, the lack of independence could raise questions as to the fairness of the review process. Finally, we found no problems with ITA's selection practices for the 33 awards made in fiscal year 1997.

I. SABIT Used Merit-Based Evaluation Criteria

The SABIT review panels used merit-based technical and public policy criteria consistent with the objectives of the program in evaluating the applications. The criteria were published in the *Federal Register*, Vol. 62, No. 5, dated January 8, 1997. They were:

1. Commitment to SABIT intent and goals.
2. Response to NIS priority business needs.
3. Commitment by host firms to interns' return to their own countries upon completion of their internships.
4. Realistic work plan describing in detail the training program to be provided.
5. A brief objective statement indicating why the applicant wishes to provide an internship.
6. A general description of the profile of the manager(s) or scientist(s) the applicant would like to host.
7. Company involvement in one of the following fields:

agribusiness, defense conversion; energy; environment; financial services; housing; construction; and infrastructure, medical equipment, supplies, pharmaceuticals, and health care management; product standards and quality control; telecommunications; and transportation.

Criteria #1-6 were weighted equally. Criteria #7 carried no weight in the review process but priority consideration is to be given to those applicants operating in the described sectors. For fiscal year 1997, criteria #7 did not affect the awards process since funds were available to make awards to all applicants attaining the minimum required score. The applicants are evaluated on a score of 1-10, with 10 being the highest score for individual criteria and 60 being the highest total score. To be accepted for funding, the applicant's total score had to be at least 49. Awards were to be given to the first applications received which met the evaluation criteria.

The *Federal Register* notice described the Selection Procedures for awards under the SABIT program. In selecting applications for funding, the selection official was to take into account the following selection factors:

1. evaluation by independent review panel(s) and
2. U.S. geographic and organizational size diversity among applicants.

The *Federal Register* notice also stated the objective of the program, which is "to expose NIS business managers and scientists to a completely different way of thinking in which demand, consumer satisfaction, and profits drive production."

In conclusion, the SABIT program criteria for evaluating applicants were merit-based and were generally followed by SABIT. However, we found that one of the four review panels was not independent of the administration of the SABIT program. The review procedures are discussed in Section III.

II. SABIT Application Solicitation Procedures Obtained a Widespread Response

ITA's efforts to solicit applications for the SABIT program were sufficient to obtain a widespread response from eligible applicants for fiscal year 1997 awards. ITA's solicitation efforts exceeded the Department's and its own minimum requirements and resulted in SABIT receiving 64 applications for awards.

DAO 203-26, Section 4.02 lists required solicitation procedures for competitive grant programs. These procedures are designed to ensure widespread notification to the interested public. Section 4.02 provides the following solicitation criteria, in part:

- Annual Public Notice. To inform the interested public, each organization unit shall publish at least annually a notice in the *Federal Register* that includes basic information for each discretionary grant program.
- Other Solicitations of Applications. Additional notice(s) in the *Federal Register* or other publications soliciting applications or preapplications must include information published in the annual public notice.

- **Minimum Notice.** In order to provide the public reasonable notice, there must be a minimum of 30 days between the date of publication and the closing date for receipt of applications.

ITA publishes criteria in the application kit sent to prospective applicants and solicits applications with an announcement in the *Federal Register*. OEAM must give approval before ITA officials submit information for the announcement in the *Federal Register*.

Although ITA is only required to publish the program announcement in the *Federal Register*, program officials expanded their solicitation efforts to include other media as encouraged by DAO 203-26, Section 4.02f. ITA placed the solicitation notice on the ITA Internet web site and sent solicitation notices to over 38,000 potential applicants on its mailing list.

Employing these solicitation methods for the 1997 awards, ITA received 64 applications, of which 18 were determined by the SABIT program staff to be not responsive to the solicitation. Upon receipt, each application is to be reviewed for completeness. If items are missing, ITA is to contact the applicant requesting submission of the needed information. This information includes items as general as additional copies of the application or as specific as financial information on the applicant company. The 18 applications that did not satisfactorily comply with ITA's request were considered not responsive and therefore were not evaluated. The remaining 46 applications were evaluated by one of four SABIT review panels.

III. SABIT Application Review Practices Did Not Fully Meet Independence Requirement

For the fiscal year 1997 review process, SABIT established procedures for reviewing applications for awards that were sufficient, if followed, to provide an independent, external, and qualified competitive review for each application. Review panels used published, merit-based, technical and public policy criteria that were consistent with the objectives of the program in evaluating the applications.

For three of the four fiscal year 1997 review panels, ITA used outside reviewers having qualified professional backgrounds related to the applications reviewed. The reviewers had expertise in both the programmatic and technological aspects of the applications under review. However, one of the four review panels used during fiscal year 1997 was not independent of the administration of the SABIT program. OEAM officials noted this fact during their financial review process and informed SABIT officials. SABIT officials stated that the problem was addressed and corrected for subsequent review panels. Since all 34 applications scoring 49 or higher out of a possible score of 60 were funded, except one discussed on page 9, we were unable to determine the effect, if any, of that panel's lack of independence. However, the lack of independence could raise questions as to the fairness of the evaluation process.

DAO 203-26, Section 4.02h.1, sets forth the minimum requirements for the competitive review process:

- Applications are reviewed only when submitted in response to a notice in the *Federal Register* or other publications.
- Applications should be treated fairly.
- Applications should receive an independent, objective review by one or more review panels qualified to evaluate the applications.
- Review panels consist of at least three persons and may include one or more individuals who are not employees of the federal government.
- Review panels should use selection criteria covered by the application notice.
- Organization unit should prepare a rank ordering of applications based solely on evaluations by the review panel.
- Organization unit should determine the order in which the applications will be selected for funding based on:
 - (1) any priorities or other program requirements published in the *Federal Register* that apply to selection of applicants for new awards, and
 - (2) the rank order of applications established by the review panel on the basis of selection criteria.

All applications must be evaluated according to evaluation criteria #1-6 on page 6. Each application must be scored by the full set of six equally weighted evaluation criteria. As part of an applicant's eligibility to receive an award, an application must include: (1) evidence of adequate financial resources to cover costs involved in providing an internship(s), (2) a satisfactory record of performance in grants, contracts, and/or cooperative agreements with the federal government, if applicable, and (3) a statement that the applicant will provide medical insurance coverage for interns.

In fiscal year 1997, the SABIT program used four review panels. The panels were noted as A, B, C, and D. Review panel A, convened in March 1997, was not independent. The panel consisted of all SABIT employees. Each employee was involved in the administration of the program and therefore, was not considered independent. The officials included the SABIT program director and two program officers. The panel reviewed and evaluated 6 of the 64 applications received representing about 9 percent. All six applicants were funded; three as new awards and three as renewals. We found that subsequent 1997 fiscal year review panels, B, C, and D were independent.

SABIT officials stated they were initially unaware of the lack of independence of panel A and that it was an unintended oversight. Officials also stated a clear definition of the term

“independent” was lacking and that no specific guidance on establishing an independent panel had been provided to them by OEAM since the SABIT program’s inception in 1991. After meeting with OEAM in April 1997, SABIT officials developed and implemented procedures that require all review panel members to certify to the fact they are independent.

IV. SABIT Application Selection Procedures and Practices Were Adequate

In accordance with SABIT procedures and practices, fiscal year 1997 award funding decisions were based on the evaluation criteria described on pages 6-7 and the selection procedures described on page 7. If funds were not available for all applications that meet the criteria, awards were made to the first applications received that did so.

The award recommendations were based on the evaluation criteria published in the *Federal Register* and incorporated as part of the *SABIT Competitive Application Kit*. One applicant for renewal that met the program’s minimum passing score requirement of 49 was rejected after SABIT officials were informed that the applicant had previously violated an award requirement by hiring an NIS intern. The SABIT program director is the final selecting official for the awards. ITA followed selection procedures appropriate to ensure that decisions for funding did not deviate from the review panels’ recommendations. The SABIT Program Director accepted for funding all 34 applications scoring 49 or higher, with the one exception just discussed.

V. Conclusion

We found that ITA’s efforts to solicit applicants for SABIT program awards exceeded the Department’s and its own minimum requirements and generated a widespread response from multiple eligible applicants for fiscal year 1997 awards. However, one of four review panels used during the evaluation process was not independent of the administration of the SABIT program. It was comprised of all SABIT program officials. No other inconsistencies were noted in SABIT’s solicitation or selection practices. SABIT officials corrected the independence problem after it was brought to their attention during the fiscal year.

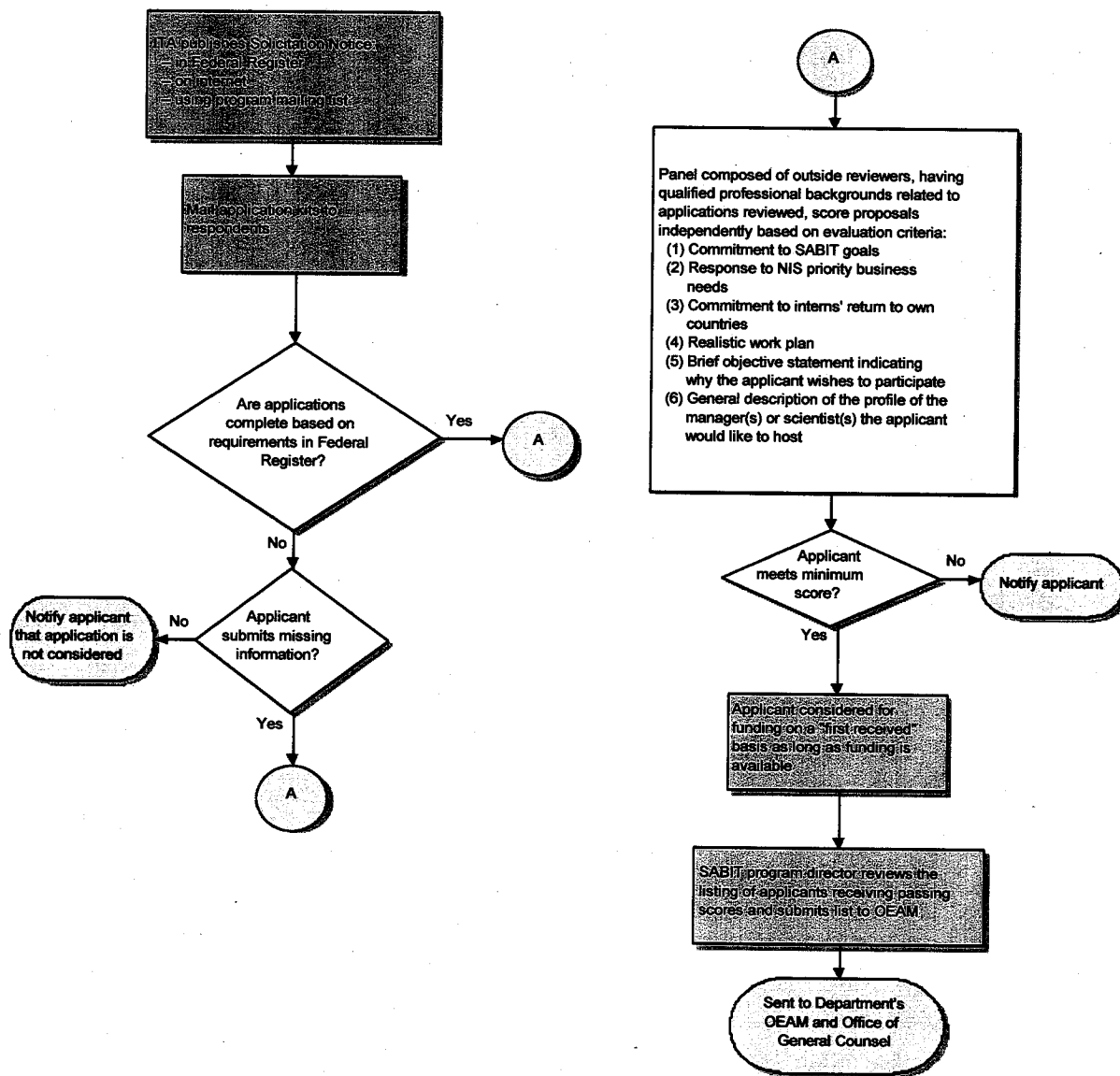
ITA Response

In its response to the draft report, ITA stated that the agency believes that the draft report’s recommendation concerning the development and implementation of a policy establishing the independence of review panels has been adopted and consistently implemented since April 1997. ITA stated that the SABIT Employee Handbook was revised to require that panelists be independent. ITA also maintains that all SABIT evaluation procedures have been conducted fairly. ITA attached to its response copies of procedures it implemented in 1997 to ensure independent reviews of applications. Finally, ITA asked that the phrase in the title of the report “the process needs more discipline” be removed (see Appendix II).

OIG Comments

We believe that a review panel composed entirely of ITA program staff did not provide the desired degree of independence and did not preclude any potential questions about the fairness of the review process. ITA adopted new policies in 1997 and we recognize the positive actions taken. Consequently, we consider our draft report's recommendation as implemented and have eliminated it from the final report. We also have changed the report title to reflect ITA's corrective action.

SPECIAL AMERICAN BUSINESS INTERNSHIP TRAINING PROGRAM AWARD PROCESS



JUL 30 1999



APPENDIX II

**UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration**

Washington, D.C. 20230

ASSISTANT SECRETARY FOR MARKET ACCESS
AND COMPLIANCE

MEMORANDUM FOR:

George E. Ross
Assistant Inspector General For Auditing

FROM:

Patrick A. Mulloy 

SUBJECT:

Comments on Draft Audit Report
Special American Business Internship Training Program
Award Process CFDA No. 11.114
No. ATL-10998-9-XXXX

The International Trade Administration is pleased that the Draft Audit Report confirms that the SABIT Program's review panels use merit-based technical and public policy criteria consistent with the objectives of the program. ITA believes that the report's recommendation concerning the development and implementation of a policy establishing the independence of review panels has already been adopted and consistently implemented since April 1997.

Prior to April 1997, policies and procedures were in place for SABIT program staff and other Commerce employees to provide an independent review of SABIT applications. The selection procedures used by SABIT from 1991 to 1997 were reviewed and approved by program counsel and by OEAM. However, in April 1997, changes were made to these procedures based on oral recommendations from the Office of Executive Budgeting and Assistance Management (OEAM) to ensure that independent reviews be conducted by individuals not involved in the management or administration of the SABIT grants program. OEAM did not suggest, and has not suggested, that the lack of "independent panels" raised any questions as to the fairness of the evaluation process. We maintain that all SABIT evaluation procedures have been conducted fairly.

Immediately after OEAM made these recommendations, SABIT incorporated these policies and procedures into its guidelines, documents and operational procedures. The SABIT Employee Handbook lays out the policy of the program and the means by which the policy is implemented. The SABIT Handbook outlines a policy which requires that each panel consist of independent reviewers. Page ten of the SABIT Employee Handbook states that "Panelists must be 'independent' of the SABIT Grants Program and may not be SABIT employees, though they may work at Commerce. Independent has been defined by OEAM as an individual not associated with the management or administration of the SABIT Grants Program." (See Attachment A) Additionally, each panelist is required to sign an agreement which certifies that they have no conflicts of interest which prevent an independent and unbiased review. (See Attachment B) The audit clearly shows that these procedures were consistently followed after their implementation in April 1997.



I have reviewed the policies and procedures that the SABIT Program has in place to evaluate and select applicants for financial assistance. I am confident that the procedures clearly outline a policy requiring that SABIT panels consist of independent evaluators. This review has also verified that these policies are consistently followed and implemented during the evaluation and selection process. The Draft Audit Report on pages ii and 8 verify that corrective measures were taken by SABIT staff to ensure that only independent panels review SABIT applications. Given that the issue of independent panels was promptly corrected when it was brought to the attention of SABIT staff over two years ago, ITA requests that the phrase in the title "the process needs more discipline" be removed. Thank you for your attention.

Attachments

cc: Susanne Lotarski, Dir/OEERIS
Liesel Duhon, Dir/SABIT
Linda J. Bilmes, Acting Chief Financial Officer and Assistant Secretary for
Administration
Susan Sutherland, Acting Director, Office of Executive Budgeting and Assistance
Management
Mary Ann McFate, Audit Liaison, ITA

C. PANEL REVIEW

Once 8-10 applications are ready for review, copies are made of all the applications (if necessary), and then distributed with evaluation forms to the 3-4 panelists who are to evaluate the applications. Panelists must be "independent" of the SABIT Grants Program and may not be SABIT employees, though they may work at Commerce. Independent has been defined by OEAM as an individual not associated with the management or administration of the SABIT Grants Program.

Requirements for an independent panel:

1. Not involved in the management of administration of the SABIT Program
2. Appropriate technical background
3. Ability to review the applications based on the selection criteria in the Federal Register Notice

(See instructions for Panelists) Panelists must complete an official document notifying them that their comments will be subject to FOIA (Freedom of Information Requests from the public) and that they must recuse themselves from evaluating a company with which they have some relationship, in accordance with Commerce and Federal ethics rules. See **Appendix G** for the statement.

Please note: There are specific grant regulations by which OEAM and SABIT must abide. In particular, *Department Administrative Order Series*, DAO#203-26, which governs how the Department of Commerce governs grants. Of particular importance is Section 4, page 8 which requires that "... each application receives an independent, objective review by one or more review panels qualified to evaluate the applications submitted under the program". A copy may be obtained from OEAM or from other SABIT staff members.

Each evaluator is given a copy of the completed application and an Evaluation Form for each Company Application. See **Appendix H** for the panel evaluation checklist. Each of the criterion is given a score based on a scale from 1-10. An average score of 49 or higher must be attained in order for the applicant to be accepted. Once the applications have been reviewed by each evaluator a date is then set for all the evaluators to meet and average the scores. See **Appendix I** for this form. The applications are then ranked according to their average scores. Applications are then processed in this ranking order due to the fact that SABIT may receive more applications than it has grant funding available.

1. DENIED APPLICATIONS

If a company application is denied, a letter of regret is sent with the signature of the Director to the company authority. A copy of this letter is kept in the SABIT files as well. See **Appendix J** for a sample denial letter. The name of the company should be added to the list of denied companies in the Quatro Pro file called denials (*f:/home/sabit/database/company/denials*).

2. PENDING APPLICATIONS

U.S. Department of Commerce
Special American Business Internship Training Program
AGREEMENT

I, _____, agree to serve the United States Department of Commerce as reviewer for FY1999 application review process.

I hereby declare that I am providing services to assist in the review of applications for grants and cooperative agreements with the Department

FREEDOM OF INFORMATION ACT

I understand that under the Freedom of Information Act (FOIA), the Department may release my reviews verbatim to the public. The Department may also release individual reviewer names in conformance with the Department's disclosure policy, but generally will not identify an individual reviewer with a particular review. However, to avoid complicating the release of reviews, I agree not to make comments which could be seen as offensive or constitute an invasion of privacy of any individual.

CONFIDENTIALITY OF DOCUMENTS AND RESTRICTIONS ON CONTACT

I agree that assistance applications are made available to grant application reviewers solely for the purpose of reviewing those applications against the selection criteria of the grant program.

I also agree not to discuss the information, concepts, and procedures contained in the applications outside the Department during or after the review process, and discuss them within the Department only with the panel members and in the context of and under the procedures for application review. I also agree to return the applications to the Department or dispose of them if so instructed. I agree to retain no copies of the applications or parts of the applications related to this review.

I agree not to contact the originator of the application being reviewed concerning any aspects of its contents.

CONFLICT OF INTEREST

I hereby certify that to the best of my knowledge, I do not have a conflict of interest and that my particular circumstances are not likely to raise the appearance of a conflict of interest or impropriety with respect to any application that falls within the application area for which I am assigned as a reviewer.

I also certify that I am not a participant in any application in this round of grant competition.

I also certify that I have not in any way been compensated by anyone for providing assistance in preparing an application for this round of grant competition. I also agree not to review any proposal from an organization with whom I was employed or for whom I provided services within the last

year.

If I discover that I might have a conflict of interest with any application in the competition, I will inform the Program Official immediately.

For purposes of this agreement, I recognize that I will have a conflict of interest if any of the following has a financial interest in a grant application:

- 1) I, my spouse, minor child, or partner,
- 2) A profit or nonprofit organization in which I serve as an officer, director, trustee, partner or employee; or
- 3) Any person or organization with whom I am negotiating or have an arrangement concerning prospective employment.

I recognize that this certification is a continuing representation. I acknowledge that it is in effect at all times until I completed all of the work to be performed by me under this agreement.

AGREEMENT ON SCOPE OF WORK

Before reviewing and scoring any application, I will carefully read all instructions to reviewers, priorities (if applicable), regulations, criteria, and the technical review forms, all of which will be made available to me by the appropriate Program Official.

I will carefully review and score all applications provided to me;

I will score each application solely on its content and the degree to which the application meets the published evaluation criteria; and

I will complete a technical review form of each application, record the scores in the space(s) provided.

Signature

Date