



FRAUD, WASTE & ABUSE

in the Department of Defense (DoD) - SBIR/STTR

-- January 29, 2016 --

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What is SBIR?

The Small Business Innovation Research program is a federal program to foster and encourage participation by small business concerns in research and development. It is designed to:

- Stimulate technological innovation
- Increase small business participation in federal R&D
- Increase private sector commercialization of innovations derived from federal R&D
- Foster and encourage participation by socially and economically disadvantaged and women-owned businesses

The three-phased process of SBIR encompasses

1. Technology feasibility

2. Demonstration and evaluation of commercial potential

3. Transition to the marketplace

Participation Requirements

- For-profit Small Business Concern (SBC) of 500 or fewer employees
- SBC at least 51% owned by U.S. citizen(s)
- “Principal Investigator” – individual designated by the SBC to provide scientific and technical direction to the project
- Primary employment (>50%) must be with the SBC
- Precludes full time employment by another organization
- Work must be performed in the US, including Puerto Rico and Territories
- SBC cannot receive funding for an SBIR project essentially equivalent to other work they have performed for the Federal Government
- During Phase I, a minimum of 2/3 effort must be performed by SBC
- During Phase II, a minimum of 1/2 of the effort must be performed by SB

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What is STTR?

The Small Business Technology Transfer Program facilitates and funds cooperative R&D between small businesses and research institutions. It is designed to:

- ◆ Create vehicles for moving ideas from research institutions to market
- ◆ Enable researchers to pursue commercial application of technologies
- ◆ Bridge funding gap between basic research and commercial product

STTR has a three-phased process similar to SBIR.

Participation Requirements

- ✔ For-profit SBC of 500 or fewer employees
- ✔ Research institution (RI) is a Federally Funded Research and Development Center (FFRDC), college or university, or non-profit RI
- ✔ SBC must perform a minimum of 40% of the work; RI a minimum of 30%
- ✔ SBC (prime) must manage and control the STTR funding agreement
- ✔ Principal Investigator may be employed by SBC or RI
- ✔ Work must be performed in the US (Includes Puerto Rico and Territories)
- ✔ SBC cannot receive funding for an STTR project essentially equivalent to other work they have performed for the Federal Government

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Why is preventing Fraud, Waste, and Abuse in the SBIR/STTR program important?

Annually, the DoD SBIR budget represents more than \$1 billion in research funds. The funds that allow small businesses to conduct R&D strengthens the DoD and the private sector of the United States. Every dollar that is wasted or defrauded from the program has a direct impact on the future capabilities of the DoD and the United States. Ensuring that the all SBIR/STTR program funds are spent responsibly and contribute towards meeting the program's stated goals are the responsibility of the small business acquisition workforce, SBIR workforce, and senior personnel.

Understanding the indicators and types of fraud, waste, and abuse that can occur is critical for the SBIR workforce's role in preventing the loss of research dollars.