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United States Senate

COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510-6350

October 19, 2000

The Honorable Aida Alvarez
Administrator
Small Business Administration
409 Third Street, SW
Washington, DC 20416

Dear Administrator Alvarez:

During the past year the Small Business Committee (Committee) has raised a number of significant issues regarding the Small Business Administration's (SBA) internal controls and its management of travel funds. I understand that recently you sent a letter to Senator Enzi informing him that the SBA had taken steps to address the concern raised by the Committee that senior SBA managers had been allowed to self-authorize and self-approve their travel with only minimal oversight.

I am pleased that you have agreed with the Committee's recommendation and that you have implemented a new SBA internal control policy (2000-559), which reflects the General Accounting Office's (GAO) guidance to minimize self-authorization and self-approval in all but the rarest of occasions. This is a small, but significant, step to improving the quality of internal control procedures at SBA.

I am deeply disappointed, however, by your continued failure to address many other issues raised by the Committee. In particular, I am concerned that your responses to the Committee's questions about advance teams continue to be woefully inadequate.

Finally, in your letter to Senator Enzi you stated that "the General Accounting Office (GAO) has performed numerous audits and reviews of SBA's programs. We are working closely, pro-actively, and we believe constructively, with GAO on the 47 audits and reviews, most of them initiated by the Small Business Committee this year." This is an incorrect statement. At a recent hearing, which you attended, the Comptroller General, David Walker, testified that GAO had 24 reviews underway at SBA, of which only 14 dealt exclusively with issues at the SBA. These continued attempts to deflect attention from the Committee's concerns about government waste, serve no useful purpose towards improving the efficiency and effectiveness of the SBA.

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Should you have any questions regarding this letter, please do not hesitate to contact Paul Cooksey or Paul Conlon at 202/224-5175.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond
Chairman

cc: The Honorable Mike Enzi
United States Senator

The Honorable Phyllis Fong
Inspector General, Small Business Administration