

Why GAO Did This Study

Since 1988, the federal government has aimed to award at least 20 percent of contract dollars to small businesses. NNSA's small business contracts typically account for more than half of DOE's small business achievement.

Since 1990, GAO has designated aspects of NNSA's acquisition management as a high-risk area because of its record of inadequate management of contractors. The DOE Inspector General has identified contract management as a fraud risk.

Senate Report 117-130 includes a provision for GAO to review NNSA's approach to contracting with small businesses and achieving its small business contracting goals. This report examines the extent to which (1) NNSA and its M&O contractors accurately reported fiscal years 2018–2022 small businesses contracts; and (2) NNSA has conducted oversight of its M&O contractors' small business contract reporting, including assessing fraud risks.

GAO reviewed small business contract data from NNSA and six M&O contractors for fiscal years 2018–2022, analyzed a sample of the data to identify errors, and spoke with knowledgeable contracting officials.

What GAO Recommends

GAO is making five recommendations, including that NNSA and its M&O contractors identify the root causes of reporting errors and establish an approach to address them, that NNSA improve oversight of reported data, and that NNSA develop mitigations for fraud risk in its small business program. NNSA agreed with all five recommendations.

View [GAO-25-106820](#). For more information, contact Allison Bawden at (202) 512-3841 or BawdenA@gao.gov.

SMALL BUSINESS CONTRACTING

National Nuclear Security Administration Needs Increased Contractor Oversight to Reduce Reporting Errors

What GAO Found

GAO estimates that the National Nuclear Security Administration (NNSA) and six of its management and operating (M&O) contractors incorrectly reported \$1.1 billion of their \$16.8 billion in small business contracts awarded in fiscal years 2018–2022. That is, they incorrectly reported awarding small business contracts to businesses that did not meet size standards established by the Small Business Administration. Further, for an additional \$1.9 billion of the \$16.8 billion, NNSA and the six M&O contractors could not provide the information needed for GAO to determine whether the small business contracts had been awarded to businesses that were actually small. Based on NNSA and M&O contractor responses about these errors, GAO identified three main reasons errors might be occurring in small business reporting: (1) not having a requirement to verify a business's status as small; (2) mistakes using contractor-specific procurement systems; and (3) businesses misrepresenting themselves as small—intentionally or unintentionally. By identifying and addressing the root causes of errors in reported data, NNSA can ensure the quality of the data it reports and ensure that small businesses do not lose out on opportunities for work.

Estimated Errors in NNSA and M&O Contractors' Reported Small Business Awards, Fiscal Years 2018–2022



Source: GAO analysis of data from the National Nuclear Security Administration (NNSA) and its management and operating (M&O) contractors. | [GAO-25-106820](#)

^aEstimated errors are based on analysis of the subset of businesses that had a higher likelihood of not being small at the time of the contract award.

NNSA's oversight has not ensured accurate reporting of small business achievements primarily because NNSA has not dedicated Small Business Program resources to oversight. First, NNSA does not use the available data systems to assure the quality of small business contract data. Second, NNSA has not developed lessons learned to document findings from past reviews, conducted by both NNSA and the Small Business Administration, that identified problems in certain contractors' data and processes. These problems were still present for contractors during GAO's review. The Department of Energy (DOE) has a lessons learned program that is generally required to be used by NNSA and its M&O contractors. By taking steps to ensure the quality of small business contract data and share lessons learned, NNSA can improve the accuracy of its small business reporting. Finally, NNSA has not identified fraud risks—for example, that businesses may represent themselves as small when they are not—or developed responses to mitigate those risks. Without identifying and developing responses to potential fraud risks, NNSA cannot ensure that small businesses receive all intended contracting opportunities.