



OFFICE OF THE STATE AUDITOR  
**SUZANNE M. BUMP**  
COMMONWEALTH OF MASSACHUSETTS

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**Audit Recommends Massachusetts Office of International Trade and Investment Improve Administrative Practices to Better Serve Small Businesses**

**BOSTON** – Today the **Office of State Auditor Suzanne M. Bump** released an audit of the Massachusetts Office of International Trade and Investment (MOITI), which found that MOITI's process for collecting and recording information about small businesses in underserved small business communities (USBCs) applying to the State Trade Expansion Program (STEP) is ineffective. Additionally, the audit found that MOITI has not implemented requirements for graduating small businesses from STEP.

"Our audit found that MOITI does not effectively collect information on whether small businesses applying for STEP financial assistance awards are part of the four federal Small Business Administration (SBA)-defined USBCs. Instead of collecting this information from all applicants, MOITI only attempts to collect this information from the small businesses that have been awarded funds. As a result, MOITI cannot properly measure their impact in supporting underserved small businesses," said **State Auditor Suzanne M. Bump**. "After the COVID-19 pandemic, now more than ever small businesses within underserved communities need support. I am pleased to see MOITI is taking steps to address this issue raised in our audit."

Additionally, the audit found that MOITI does not collect complete information about all four of the USBCs. It allows businesses to indicate that they are owned and controlled by women, but not whether they are part of any of the other three USBCs. Further, auditors noted that MOITI does not ensure that when it does collect this information, it is accurately recorded on reports sent to the SBA.

The audit also identified that MOITI had not implemented requirements for graduating small businesses from STEP. There have been 169 small businesses that have received financial assistance awards from MOITI since STEP's inception. The audit found that 41 (24%) of these small businesses had received awards for three or more years. Eight of these small businesses received awards in all six of the years the auditors reviewed; five businesses received awards in five of the years; six received awards in four of the years; and twenty-two received awards in three of the years. The total amount of funding given to each of these small businesses ranged from \$18,473 to \$62,500.

To improve these processes, the audit recommends MOITI ensure its employees are aware of STEP requirements and review the current information it has for businesses that have received STEP financial assistance awards and rectify any inaccuracies. In addition, MOITI should revise its Massachusetts STEP Program Readiness Assessment and Application to include the SBA's definitions of the four USBCs and an area where a small business should document any of the four USBCs to which it belongs. Further, MOITI should implement monitoring controls to ensure that it accurately records applicant's reported USBC statuses on reports sent to the SBA. The audit also advises MOITI to implement requirements for graduating small businesses from STEP.

MOITI, established by Section 13K of Chapter 23A of the Massachusetts General Laws, is an agency overseen by the Executive Office of Housing and Economic Development (EOHED) and is part of EOHED's Massachusetts Marketing Partnership. MOITI is administered by an executive director, who is appointed by the Governor.

STEP was initially established by the Small Business Jobs Act of 2010 as a three-year pilot program. It was later established as a permanent, federally administered program under the Trade Enforcement Act of 2015. STEP's purpose is to increase the number of small businesses that export and to increase the value of exports from those businesses. Through STEP, SBA provides grants to state government organizations (such as MOITI), which then give financial assistance awards to small businesses.

The audit can be viewed [HERE](#).

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The Office of the State Auditor conducts performance audits of state government programs, departments, agencies, authorities, contracts, and vendors. With its reports, the OSA issues recommendations to improve accountability, efficiency, and transparency. The OSA has identified approximately \$1.4 billion in unallowable, questionable, or potentially fraudulent spending and saving opportunities for the Commonwealth since 2011. Last year, auditees reported implementation of 90 percent of the OSA's audit recommendations.

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