

# Semiannual Report to Congress

October 1, 2022 – March 31, 2023



# Message from the Inspector General

April 28, 2023



Hannibal "Mike" Ware

I am honored to submit our *Semiannual Report to Congress* for the first half of fiscal year 2023. Every 6 months, we report to Congress our independent oversight of the U.S. Small Business Administration (SBA), as required by law.

The Office of Inspector General (OIG) provides independent and objective oversight of SBA programs for the benefit of the American people by identifying key issues facing the agency, recommending corrective actions, and promoting a high level of integrity.

OIG provides taxpayers with an exponential return on investment, rooting out fraud, waste, and abuse in SBA programs. In the past 2 years alone, OIG's work has resulted in more than \$9 billion in dollar accomplishments. Our work also has played a major role in the return of more than \$30 billion in pandemic relief funds from borrowers and financial institutions. Dollar accomplishments include investigative recoveries, fines, and forfeitures, as well as review findings of disallowed costs.

## Key Priority: Pandemic Response Oversight

For the last 3 years, our goal has been to set a standard of excellence in overseeing the \$1 trillion in pandemic assistance obligated to SBA programs for the economic recovery of America's small businesses. When SBA expedited relief to those in need during the pandemic, the agency relaxed internal controls, increasing the risk of program fraud, abuse, and improper payments.

As the landscape continues to unfold, we are collaborating across government to shine a light on rampant potential fraud in pandemic relief programs. OIG pandemic oversight and investigative work has resulted in 860 indictments, 687 arrests, and 486 convictions as of March 2023. Leveraging supplemental resources provided by Congress, we have published 30 reports on pandemic oversight.

In coordination with the Pandemic Response Accountability Committee (PRAC), we contributed to the fraud alert *PRAC Identifies \$5.4 Billion in Potentially Fraudulent Pandemic Loans Obtained Using Over 69,000 Questionable Social Security Numbers*. We also assisted with the expansive *Tracking Pandemic Relief Funds that Went to Local Communities Reveals Persistent Data Gaps and Data Reliability Issues*, conducted with PRAC and 10 other offices of Inspector General.

We have issued dozens of recommendations for corrective action aimed at strengthening internal controls so eligible small businesses receive the economic aid promised by Congress, not fraudsters or other unscrupulous borrowers abusing taxpayer resources.

The true magnitude of fraud in SBA pandemic assistance programs will be coming to light for years as these programs move into new stages. We will continue to evaluate and recommend corrections for the most critical risks facing SBA, but oversight of pandemic relief funds and combating fraud in these programs will be a top priority for years to come and will require adequate oversight resources.

## Our Work this Period

During the 6-month period from October 2022 to March 2023, OIG issued 5 reports with 50 recommendations to improve SBA operations and reduce fraud and unnecessary losses in agency programs. In addition, OIG investigations resulted in 184 indictments and 112 convictions.



We are also keeping watch over government contractors for business ethics, integrity, honesty, and competency, ensuring taxpayer dollars are spent efficiently according to intent.

I am proud that our OIG staff members are engaged change agents who set the standard for oversight excellence in support of American small businesses and entrepreneurs. We carry out our duties and responsibilities with integrity, never losing sight of this vision, committed to protecting the interests of all American taxpayers by promoting positive change within SBA and across government.



Hannibal "Mike" Ware

SBA Inspector General

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# SBA's Top Management and Performance Challenges

Each year, OIG is required to report on the most serious management challenges facing the agency. In accordance with the Reports Consolidation Act of 2000 and Office of Management and Budget (OMB) Circular A-136, SBA includes this information in the agency financial report.

The management challenges represent areas OIG considers particularly vulnerable to fraud, waste, abuse, or mismanagement, or which otherwise pose significant risk to the agency, its operations, or its credibility. Each management challenge generally has originated from one or more reports issued by OIG or the Government Accountability Office (GAO).

We do not usually rank the top challenges in order of importance or magnitude, except for the Coronavirus Disease 2019 (COVID-19) pandemic challenge. We view all eight challenges as critically important to SBA operations in the upcoming year. However, we placed COVID-19 economic relief programs at the top of the list for the 2023 report in recognition that it is the agency's most acute challenge. You can find the *Top Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2023* in the [Reports section of the SBA OIG website](#).

## Management & Performance Challenges FY 2023

### Challenge 1

SBA's Economic Relief Programs Are Susceptible to Significant Fraud Risks and Vulnerabilities

### Challenge 2

Inaccurate Procurement Data and Eligibility Concerns in Small Business Contracting Programs Undermine the Reliability of Contracting Goal Achievements

### Challenge 3

SBA Faces Significant Challenges in IT Investment, System Development, and Security Controls

### Challenge 4

SBA Risk Management and Oversight Practices Need Improvement to Ensure the Integrity of Loan Programs

### Challenge 5

SBA's Management and Monitoring of the 8(a) Business Development Program Needs Improvement

### Challenge 6

Identification of Improper Payments in SBA's 7(a) Loan Program Remains a Challenge

### Challenge 7

SBA's Disaster Assistance Program Must Balance Competing Priorities to Deliver Prompt Assistance but Prevent Fraud

### Challenge 8

SBA Needs Robust Grants Management Oversight

# Summary of OIG Oversight Work

## Pandemic Response Oversight

To support businesses adversely affected by the COVID-19 pandemic, Congress tasked SBA with the lending authority of approximately \$470 billion in COVID-19 Economic Injury Disaster Loans (EIDL) and \$20 billion in COVID-19 EIDL Advances. In FY 2021, Congress appropriated additional funds for new disaster assistance programs: \$35 billion for Targeted EIDL Advances and Supplemental Targeted Advances, \$16.25 billion for the Shuttered Venue Operators Grant program, and \$28.6 billion for the Restaurant Revitalization Fund.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided \$349 billion for the creation of the Paycheck Protection Program (PPP) under Section 7(a) of the Small Business Act. Congress added an additional \$310 billion to the PPP on April 24, 2020, through the Paycheck Protection Program and Health Care Enhancement Act.

The Consolidated Appropriations Act, 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act extended the program through March 31, 2021. The Economic Aid Act provided an additional \$147.5 billion in program funding. The American Rescue Plan Act of 2021 provided an additional \$7.2 billion, which increased the total program funding to \$813.7 billion. On March 30, 2021, the PPP Extension Act of 2021 extended the program through June 30, 2021, with May 31, 2021 as the last day for acceptance of applications.

SBA's need to quickly provide relief to small businesses led to reduced controls on pandemic-related loans and grants, substantially increasing the fraud risk. It was immediately clear that pandemic relief efforts had drawn the attention of unscrupulous and greedy criminals. Complaints from lenders and allegations of misuse of funds overwhelmed OIG's Hotline. A growing national narrative told of widespread fraudulent activity involving funds intended to provide economic relief to qualifying small businesses and entrepreneurs. We launched investigations and audits to root out the fraud and abuse endangering these critical resources.

The following summarizes our pandemic oversight work this period.

## White Paper



### **White Paper: 7(a) Loan Program During SBA's Response to the COVID-19 Pandemic (Report 23-05)**

We identified factors that could impact SBA's 7(a) loan program and should be considered in SBA's program risk strategy. Specifically, in FY 2021, the total amount of loans increased to \$31.4 billion from \$19.4 billion in FY 2020 (62 percent increase) and \$20.6 billion in FY 2019 (53 percent increase), as did the average loan amount. Loan approvals decreased in FY 2020 and returned to pre-pandemic levels in FY 2021. Default and charge-off rates also significantly declined after implementation of the CARES Act. The relief payments likely attributed to declining default and charge-off rates. Small businesses also had access to additional support during the COVID-19 pandemic, which included the PPP.

The effects of the pandemic combined with the rising interest rates could increase the risk for subsequent defaults and charge-offs. These program trends could increase SBA's liability and have a negative impact on its ability to achieve its zero-subsidy rate goal. To ensure 7(a) loan program integrity, reduce the risk of financial loss and facilitate meeting its zero-subsidy rate goal, SBA should consider potential risks related to higher loan amounts, rising interest rates, staffing shortages, delayed defaults, and charge-offs in its 7(a) risk strategy. SBA management generally agreed with our findings and key considerations and acknowledged that the lasting impact of the relief payments, the effects of the higher loan amounts, and rising interest rates were unknown. Management stated they will continue to consider our key considerations in their risk strategy.

Access this [White Paper](#) on the SBA OIG Reports site.

## Notable Investigations



### **CEO of PPP Lender MBE Capital Pleads Guilty in Connection with Fraudulent Loan and Lender Applications**

A New York man pled guilty to conspiring to commit wire fraud in connection with submitting loan and lender applications for the SBA-administered PPP program. The CEO used false representations and documents to fraudulently obtain SBA approval for his company and then engaged in criminal conduct to fraudulently secure hundreds of millions in PPP loans and to collect approximately \$71 million in lender fees. In addition, the CEO engaged in a scheme to obtain a \$283,764 PPP loan for his company by using false statements regarding the number of employees and their wages and using the forged signature of the company's tax preparer.

As a result of the fraudulent misrepresentations, the CEO, through his company, issued approximately \$823 million in PPP loans to approximately 36,600 businesses. These loans earned the CEO approximately \$71.3 million in fees. He spent the proceeds from his criminal conduct on the purchase of a villa in the Dominican Republic for over \$10 million and a \$3.5 million mansion in Franklin Lakes, New Jersey; a chartered jet service; and several luxury vehicles, including a 2018 Porsche 911 Turbo, a 2017 Ferrari 488 Spider, a 2017 Bentley Continental GT, a BMW 750, and a 1962 Mercedes-Benz 190.



### **Former Florida State Representative Pleads Guilty to Counts Related to COVID-19 Relief Fraud**

A Florida man pled guilty to wire fraud, money laundering, and making false statements in connection with COVID-19 relief fraud. The former Florida state representative devised a scheme to defraud SBA and obtain small business loans by means of materially false and fraudulent pretenses, representations, and promises and, while executing the scheme, transmitted wire communications in interstate commerce. He also submitted to SBA a false and fraudulent EIDL application in the name of one of his dormant business entities. Through this conduct, he fraudulently obtained \$150,000 in COVID-19 relief funds from SBA.





## **Former Army Warrant Officer Sentenced in \$3.7 million Government Fraud**

A Georgia woman, who is a former U.S. Army Chief Warrant Officer, was found guilty and sentenced in the Southern District of Georgia to 42 months in prison, followed by 24 months of supervised release and 40 hours of community service. She was also ordered to pay \$3.6 million in restitution. She submitted more than 150 fraudulent PPP loan applications and more than a dozen fraudulent federal student loan discharge applications on behalf of herself and her co-conspirators. This resulted in banks dispersing more than \$3.5 million of PPP funds to members of the conspiracy and efforts to discharge more than \$1 million in federal student loans.



## **North Central Florida Blimp Company Executive Sentenced to Over 5 Years in Federal Prison for COVID-19 Relief Fraud**

A Florida man was sentenced to 66 months in federal prison for his role in submitting 16 fraudulent PPP applications to multiple federally insured financial institutions and other qualified lenders in the names of multiple businesses, including his blimp companies. The man's false PPP loan applications included several discrepancies, including having no records of some employees, listing the number of employees in multiple applications that did not match the number previously listed in employer tax records, and claiming some non-established businesses in the applications.

The man's fraudulent PPP loan applications sought over \$11.9 million in PPP loan funds, and he received over \$4.9 million. Between March and July 2020, he submitted a total of 18 fraudulent applications to SBA for EIDLs in his own name and in the name of his wife. SBA approved these false EIDL applications, which totaled over \$2.8 million.



## **Liberty County Man and Woman Behind My Buddy Loans Sentenced for Fraud Related to COVID Relief**

A Texas man and woman pled guilty and were sentenced to federal prison for wire fraud violations. The man was sentenced to 121 months in federal prison, followed by 24 months of supervised release, and the women was sentence to 66 months in federal prison, followed by 24 months of supervised release. They were also ordered to forfeit \$680,710 and pay more than \$3.7 million in penalties.

The duo operated a sophisticated telemarketing scheme in exchange for a fee. Their fraudulent business took personally identifiable information from victims and promised to file applications for agricultural grants, which they said was available to those who owned as little as one acre of land. Instead, they fraudulently submitted EIDL applications with SBA that contained the victims' personal information. Based on these fraudulent applications, SBA issued more than \$1.56 million in EIDL advances to ineligible people. They used the illegal proceeds to stay at luxury resorts and pay off debt.



### **Louisiana Man Pleads Guilty to Fraudulently Obtaining COVID-19 Relief Funds and Money Laundering**

A Louisiana man pled guilty to one count of money laundering in the Western District of Louisiana. In total, he sought more than \$7.6 million in PPP and EIDL program loans and fraudulently obtained more than \$1.1 million. He submitted nine fraudulent PPP and EIDL program loan applications on behalf of several companies that he purportedly owned. He falsified information in the loan applications and supporting documents, including claims that some of his businesses had over 100 employees. He also submitted falsified federal tax returns. He misused the loan proceeds by, among other things, transferring the funds to personal bank accounts and purchasing cars and luxury goods.



### **Oregon Dentist Sentenced for Stealing Millions in Relief Funds and Illegally Distributing Controlled Substances**

An Oregon man pled guilty and was sentenced to 70 months in federal prison, followed by 36 months of supervised release, and ordered to pay more than \$10.5 million in restitution to SBA. He submitted more than 100 fraudulent COVID-19 relief program applications, stole the identities of more than 40 victims, and caused SBA to pay out more than \$11.5 million in loans, grants, and associated lender fees. He used the names and employer identification numbers of fictitious business entities on his fraudulent applications. He provided false information about business start dates, number of employees and locations, and the identities of the purported applicants and business owners. He used the stolen funds to speculate in stocks and cryptocurrencies through online brokerage accounts.



## **Man Convicted for Multimillion Dollar COVID-19 Relief Fraud**

A Texas man was convicted on one count of conspiracy to commit wire fraud, one count of wire fraud, and one count of unlawful monetary transactions by a federal jury in the Eastern District of Texas for his role in a scheme to fraudulently obtain and launder millions of dollars in forgivable PPP loans. He conspired with others to submit fraudulent PPP loan applications by falsifying the number of employees and the average monthly payroll expenses of the applicant businesses. In total, the co-conspirators sought over \$35 million through more than 80 fraudulent PPP loans. He distributed over \$500,000 in fraudulent loan proceeds to his co-conspirators and himself using bogus payroll checks and laundered a portion of the proceeds by transferring the funds from one of his bank accounts to another bank account he controlled. In addition, 15 other individuals pled guilty to their involvement in the loan fraud scheme.

## Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. SBA has a financial assistance portfolio of guaranteed and direct loans that totaled about \$173 billion as of December 2022, after the forgiveness of over \$755 billion in Paycheck Protection Program loans. Over the years, OIG has worked closely with the agency to identify potential points of risk and improve SBA's oversight and controls to ensure eligible participants most in need of assistance benefit from these programs.

The Section 7(a) loan program is SBA's principal vehicle for providing small businesses with access to credit that cannot be obtained elsewhere. Proceeds from a 7(a) loan may be used to establish a new business or to assist in acquiring, operating, or expanding an existing business. This program relies on numerous outside parties (such as borrowers, loan agents, and lenders) to complete loan transactions.

SBA has centralized several loan approval and servicing functions and reduced the number of staff performing these functions, placing more responsibility on and giving greater independence to lenders. Past OIG reviews have reported on these trends, and OIG continues to identify weaknesses in SBA's lender and loan agent oversight processes.

Criminals use a wide array of techniques to fraudulently get — or induce others to obtain — SBA-guaranteed loans. The techniques include submitting fraudulent documents, making fictitious asset claims, manipulating listed property values, using loan proceeds contrary to the terms of the loans, and failing to disclose debts or previous criminal records.

Consequently, there is a greater chance of financial loss to the agency and its lenders. OIG dedicates a significant portion of its resources to identifying wrongdoers and, whenever possible, recovering taxpayer funds.

During this semiannual period, our audit work in this program area was focused on the pandemic response programs.

## Disaster Assistance Program

Disaster assistance has been part of the agency since its inception in 1953. SBA provides long-term, low-interest financial assistance to businesses of all sizes, private nonprofits, homeowners, and renters following a declared disaster. Each year, SBA approves hundreds of millions in disaster assistance loans.

The disaster assistance loan program is the only form of SBA assistance not limited to small businesses. The program's disaster assistance loans are the primary form of federal assistance for repairing and rebuilding nonfarm, private sector losses following a declared disaster.

The program includes four categories of loans for disaster-related losses:

- Home disaster loans
- Business disaster loans
- Economic injury disaster loans (includes pandemic relief loans)
- Military reservist economic injury loans

During this semiannual period, our audit and investigations work in this program area was focused on the pandemic response programs.

## Contracting and Counseling Programs

The U.S. government is the largest single purchaser of goods and services in the world, awarding over \$550 billion in prime contracts annually. SBA works to maximize opportunities for small businesses to receive these contract awards. As mandated by the Small Business Act, the government-wide goal is to award at least 23 percent of contract dollars to small businesses.

SBA has specific programs that focus on strengthening particular types of small businesses, like those owned by service-disabled veterans and women, as well as small businesses that are disadvantaged or located in historically underutilized business zones (HUBZones).

The HUBZone program helps small businesses stimulate their economically challenged local economies. Similarly, to help small, disadvantaged businesses gain access to federal and private procurement markets, SBA's 8(a) Business Development Program helps small businesses owned by socially and economically disadvantaged individuals gain business skills and access to federal contracting opportunities so that they can better compete in the open marketplace. The program offers free business development education, training workshops, and match-making opportunities with federal buyers.

SBA also aids existing and prospective small businesses through a variety of counseling and training services offered by partner organizations. Among these partners are Small Business Development Centers, the SCORE mentoring network, Women's Business Centers, and Veterans Business Outreach Centers. SBA also started the Community Navigator Pilot Program, an American Rescue Plan initiative. The program will provide funding to organizations that will work with local community groups to improve access to SBA and government resources.

Additionally, SBA designed the Boots to Business program, providing transitioning service members interested in exploring business ownership or other self-employment opportunities with technical assistance and access to resources. These programs require effective and efficient management, outreach, and service delivery.

During this semiannual period, our audit and investigations work in this program area was focused on the pandemic response programs.

## Investigations



### **Couple Sentenced for Conspiracy, Wire Fraud, and Major Fraud Against the United States**

A North Carolina couple were sentenced to serve federal prison terms of 48 months and 24 months, respectively, and forfeiture of their bank accounts for their role in a conspiracy that took place from 2005 to 2013. The couple conspired to fraudulently obtain federal contracts intended for businesses lawfully participating in the Department of Veterans Affairs' Service-Disabled Veteran-Owned Small Business program and the SBA's 8(a) Business Development program. The couple falsely represented that two companies they controlled were eligible for these programs. Their actions also deprived legitimate service-disabled veteran and minority-owned businesses from obtaining government contracts on which they were eligible to bid.

As part of the scheme, \$14 million of government funds was deposited into accounts controlled by the couple. They used those accounts to pay for extravagant vacations, monthly payments on a personal private airplane, a Mercedes-Benz, mortgage payments for their personal residence, real estate purchases, shoes, clothing, food, and souvenirs while on vacation. The couple received almost \$3 million in financial benefit from the scheme.



### **Military Contractor Pleads Guilty to Bid Rigging**

A Texas man pled guilty in the Eastern District of Texas to rigging bids on public military contracts in Texas. He conspired with others to rig bids on certain government contracts from May 2013 to January 2018 to give the false impression of competition and to secure government payments in excess of \$17.2 million. The plea agreement detailed six contracting bids that he and his co-conspirators rigged, which included work performed for the Red River Army Depot in Texarkana, Texas. The projects included heavy military equipment work such as refurbishing armor kits for military trucks and turrets for Humvees. He falsely represented himself to be an employee of one business so that he could obtain government contracts that were set aside for qualifying businesses required to be owned and operated by certain categories of minority, disadvantaged or disabled persons. In fact, the work for some of the contracts was performed by businesses that had not placed any bids. He provided government employees with tickets to a 2011 World Series game, tickets to two college football games, two all-expenses paid family vacations to Las Vegas, donations to youth sports teams coached by the government employee, and meals at restaurants.

## Agency Management

OIG is responsible for ensuring that agency management appropriately safeguards SBA from fraud, waste, and abuse, and that SBA activities directly further agency goals. As part of this work, OIG coordinates with the offices of the Chief Financial Officer, the Chief Information Officer, and the Chief Operating Officer to review financial reporting and performance management, human resources, procurements and grants, space and facilities, and maintenance of SBA's information systems and related security controls.

## Audits, Inspections, and Evaluations



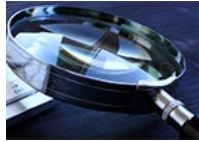
### **Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements (Report 23-02)**

We contracted with the independent certified public accounting firm KPMG LLP to conduct an audit of SBA's consolidated balance sheets as of September 30, 2022 and 2021 and the related notes to these statements. KPMG reported significant matters for which they were unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on SBA's balance sheet as of September 30, 2022. KPMG issued a disclaimer of opinion on the consolidated balance sheets as of September 30, 2022 and 2021.

SBA was unable to provide adequate evidential matter in support of a significant number of transactions and account balances related to the PPP, EIDL program, the Restaurant Revitalization Fund, and the Shuttered Venue Operators Grant program due to inadequate processes and controls. As a result, KPMG was unable to determine whether any adjustments might have been necessary to the following: Credit Program Receivables and Related Foreclosed Property, Net; Other than Intragovernmental Advances and Prepayments; Downward Reestimate Payable to Treasury; and Loan Guarantee Liabilities. KPMG identified six material weaknesses and two significant deficiencies in internal control over financial reporting. SBA's Chief Financial Officer concurred with findings and recommendations and agreed to implement the recommendations.

Access this [Audit Report](#) on the SBA OIG Reports site.





## **FY 2022 Federal Information Security Modernization Act Review (Report 23-03)**

SBA OIG contracted with the independent certified public accounting firm KPMG LLP for our FY 2022 Federal Information Security Modernization Act (FISMA) evaluation on the effectiveness of the information security program in nine information security areas, or domains, and practices of SBA. Though SBA responded to previously identified vulnerabilities, we rated its overall cybersecurity as “not effective” because there are still security control challenges in areas such as risk management, user access, and contingency planning.

In addition to two outstanding FISMA recommendations from prior reports, we made recommendations for improving six of the nine security domains. We recommended designing and implementing a quality assurance program to ensure that SBA system hardware inventory is maintained as required by the National Institute of Standards and Technology; implementing a process to ensure SBA reviews its external service providers for supply chain risks and documents all supply chain risk assessments; communicating and reinforcing to program offices the requirement to review and remove system and use accounts; updating policies and procedures to conduct formal workplace assessments; developing, documenting, and implementing a process that requires managers to review information security data and report information security threats; and ensuring that owners of high value asset systems carry out functional testing of contingency plans annually and initiate corrective actions. SBA management agreed with our recommendations and provided an action plan to address deficiencies.

Access this [Audit Report](#) on the SBA OIG audit reports site.



## **SBA’s Controls Over Cash Contributions and Gifts, Fiscal Year 2022 (Report 23-04)**

We found SBA complied with the 2022 Consolidated Appropriations Act and SBA regulations and policies regarding soliciting and accepting cash contributions for National Small Business Week 2022. We determined SBA complied with applicable laws and SBA regulations and policies regarding the acceptance, holding, and use of gift funds. Specifically, the agency accepted a \$505,879 unsolicited gift from the cosponsors of business week activities held between 2020 and 2022. This gift represented the cosponsor’s share of excess cash contributions that remained at the conclusion of the activities.

We made two recommendations to improve controls over 2022 business week closeout reporting and government purchase card use. SBA management agreed with both recommendations and has fully implemented corrective actions for Recommendation 1.

Access this [Audit Report](#) on the SBA OIG Reports site.

## **Other Significant OIG Activities**

### **Background Investigations Ensure Integrity**

During this reporting period, OIG initiated 65 background investigations and issued 1 security clearance for OIG employees and contractors. OIG adjudicated 10 background investigative reports.

### **Debarment and Other Administrative Enforcement Actions**

OIG promotes program integrity by making present responsibility referrals to SBA and other agencies. Present responsibility means the business ethics, integrity, honesty, and competence of persons who participate in SBA programs or otherwise do business with the government. During this reporting period, OIG sent 11 present responsibility referrals to SBA.

Present responsibility referrals can result in suspensions, debarments, and similar administrative enforcement actions. These actions protect taxpayer funds from program participants who are not a good risk for the government.

A typical OIG referral contains a summary of allegations and criminal, civil, administrative, or other evidence supporting the recommendation. Most OIG administrative referrals involve SBA's loan and contract programs. OIG ensures that a suspension and debarment official reviews all appropriate allegations arising in other contexts, such as the investigation of False Claims Act cases.

### **Stakeholder Presentations on PPP and EIDL Fraud**

During this reporting period, SBA OIG held 78 presentations for internal and external stakeholders to raise awareness of fraud, waste, and abuse related to SBA programs. More than 788 participants attended these events.

## **Reviews of Proposed Agency Regulations, Operating Procedures, and Other Initiatives Lead to Improved Program Controls**

OIG reviews changes SBA proposes to make to its program directives, such as regulations, internal operating procedures, agency policy notices, and SBA forms completed by the public. OIG often identifies material weaknesses in the proposals and works with the agency to promote more effective controls to deter waste, fraud, and abuse. During the reporting period, OIG reviewed 58 proposed revisions of these program directives and submitted comments designed to improve 9 of the initiatives.

## **Approval of Small Business Development Center Surveys**

Section 21(a)(7) of the Small Business Act states that until Small Business Development Center information disclosure regulations are issued, the Inspector General must approve any related client survey, as well as the use of any survey information. OIG must also include this approval in the semiannual report. SBA did not submit any surveys to OIG review during this reporting period.

## OIG Hotline

OIGs have a hotline function that takes complaints from anyone who suspects waste, fraud, abuse, or serious mismanagement within an agency or its programs by employees, contractors, and the public. Hotline complaints may result in corrective actions, audits, or administrative, civil, or criminal investigations.

Our OIG Hotline staff vets complaints and monitors the progress of matters referred to SBA program offices for action to ensure the agency has promptly followed up, adequately resolved allegations, and documented any corrective actions.

## Significant Increases



Hotline work has changed dramatically because of the COVID-19 pandemic. OIG’s Hotline team has been diligently working through a large backlog of complaints. The staff is addressing each complaint received via online submissions to the SBA OIG website, telephone, e-mail, and posted mail, as well as referrals from banks and other agencies.

The number of complaints has increased by orders of magnitude since the COVID-19 pandemic relief programs were established by Congress, which has overwhelmed the system and our staff.

During this semiannual period, the OIG Hotline received more than 20,000 complaints of loan fraud and abuse, identity theft, and problems with SBA’s customer service.

In total, since the pandemic began in March 2020, OIG has received more than 240,000 complaints. By contrast, the OIG Hotline received 742 complaints in calendar year 2019.

## Organizational Overview

### U.S. Small Business Administration

The mission of the SBA under the Small Business Act, as amended, is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and assisting in the economic recovery of communities after disasters. The agency's strategic plan for FYs 2022–26 has three key goals:

1. Ensure equitable and customer-centric design and delivery of programs to support small businesses and innovative startups
2. Build resilient businesses and a sustainable economy
3. Implement strong stewardship of resources for greater impact

SBA is organized around the areas of financial, contracting, entrepreneurial development, and disaster assistance. The agency also represents small businesses through an independent advocate and an ombudsman.

SBA headquarters is in Washington, D.C. The agency has staff in 10 regional offices, 68 district offices and corresponding branch offices, and 4 disaster field offices. SBA also has 6 government contracting area offices and maintains a network of resource partners in all 50 states, the District of Columbia, Puerto Rico, American Samoa, the U.S. Virgin Islands, and Guam.

## Office of Inspector General

OIG's mission is to provide independent, objective, and timely oversight to improve the integrity, accountability, and performance of SBA and its programs for the benefit of all Americans.

Our strategic plan for FYs 2022–27 has four goals. In addition to the Office of Counsel to the Inspector General, four divisions assist in carrying out the statutory responsibilities of OIG: the

Audits Division, Investigations Division, Technology Solutions Division, and the Management and Operations Division.

Our vision is to be valued and engaged change agents who set the standard for oversight excellence in support of America's small businesses. We seek to demonstrate our values of integrity, commitment, and excellence as we deliver products and services of the highest quality defined by accuracy, timeliness, fairness, and usefulness.

The **Office of Counsel** provides legal and ethics advice to all OIG components; protects the OIG's interests in litigation arising out of or affecting OIG operations; assists with the prosecution of criminal, civil, and administrative enforcement matters; processes subpoenas; responds to Freedom of Information and Privacy Act requests, and reviews and comments on proposed policies, regulations, legislation, and procedures.

The **Audits Division** performs and oversees audits and reviews to promote the economical, efficient, and effective administration of SBA programs and operations. Key areas of emphasis are SBA loan, disaster assistance, business development, and government contracting programs, as well as mandatory and other statutory audit requirements involving information technology security, financial reporting, and other SBA program areas. The balance of the engagements is discretionary and focuses on high-risk activities and identified management issues.



The **Investigations Division** manages programs to detect and deter illegal and improper activities involving SBA's programs, operations, and personnel. The criminal investigations staff carries out a full range of traditional law enforcement functions. Within the division, the Hotline reviews allegations of waste, fraud, abuse, and severe mismanagement within SBA or its programs made by employees, contractors, and the public.

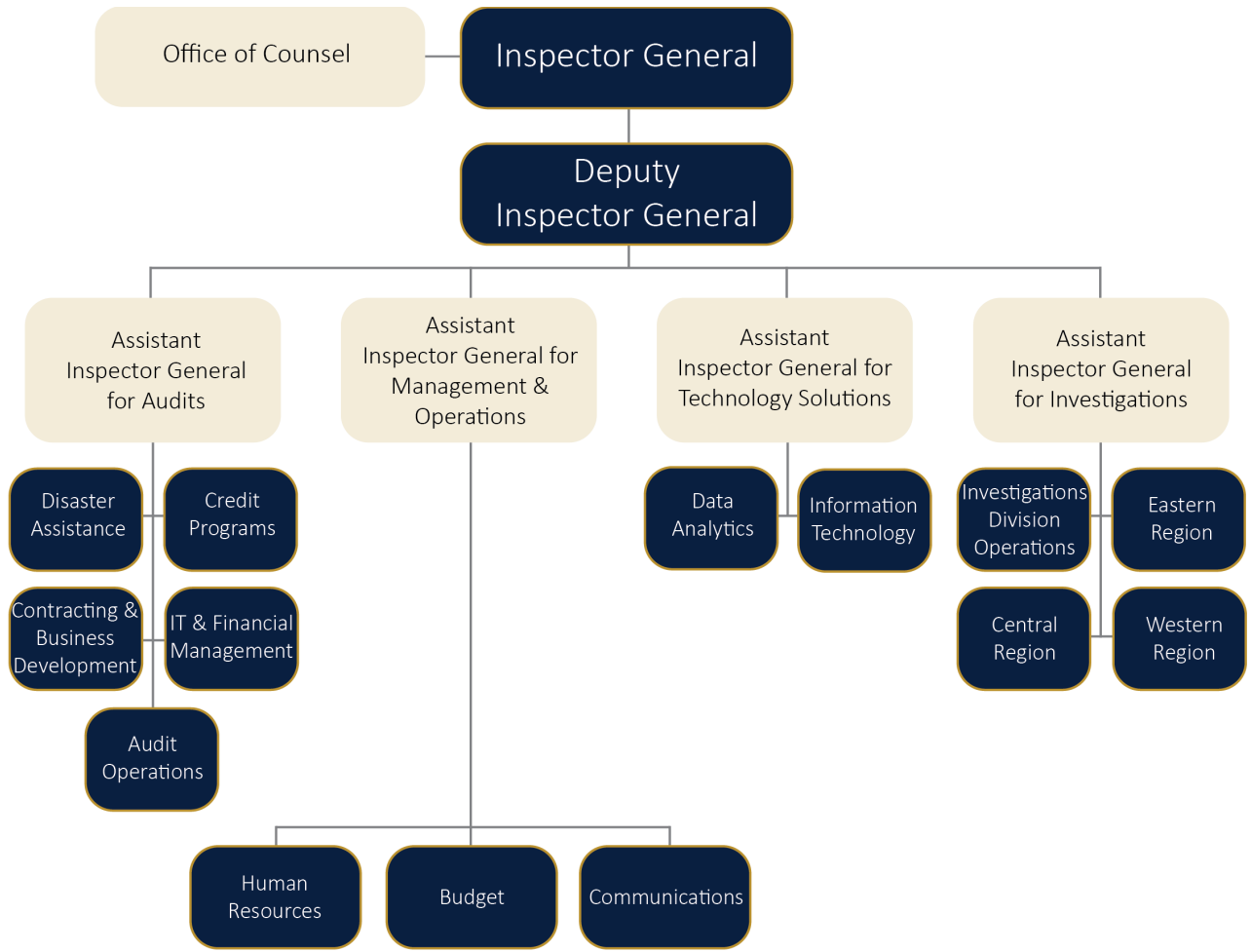
A preliminary review of all complaints is conducted to determine the appropriate course of action. As part of the review process, Hotline staff may coordinate reviews of allegations within OIG, SBA program offices, or other government agencies. The Security Operations Staff within the division conducts required employee and contractor background investigations to achieve a high level of integrity in the agency's workforce. It makes adjudications on OIG employees and contractors for issuance of PIV cards pursuant to HSPD-12 background investigations requirements.

The **Technology Solutions Division** provides data analytics and information technology support across OIG, such as artificial intelligence and machine learning solutions. It expands the impact of OIG's oversight activities.

The **Management and Operations Division** provides business support (e. g., budget and financial management, human resources, and procurement) for various OIG functions and activities.

OIG's headquarters is in Washington, D.C. Our field offices are in Atlanta, Georgia; Chicago, Illinois; Dallas-Fort Worth, Texas; Detroit, Michigan; Denver, Colorado; Herndon, Virginia; Houston, Texas; Los Angeles, California; Miami, Florida; New York, New York; Philadelphia, Pennsylvania; Federal Way, Washington; and Washington, D.C.





## Appendixes

### Appendix A: Reporting Period Statistical Highlights

#### Summary of OIG Dollar Accomplishments

Dollar Accomplishments as a Result of Investigations and Related Activities	—
Potential Investigative Recoveries and Fines	\$113,112,844
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies)	\$1,796,053
Asset Forfeitures Attributed to OIG Investigations	\$33,892,547
Loans/Contracts Not Approved or Canceled as a Result of Investigations	—
Investigations Subtotal	\$148,801,444
Dollar Accomplishments as a Result of Audit Activities	—
Disallowed Costs Agreed to by Management	\$24,317,629
Recommendations that Funds Be Put to Better Use Agreed to by Management	—
Audit Subtotal	\$24,317,629
Total OIG Dollar Accomplishments	\$173,119,073

#### Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities

Reports Issued	5
Recommendations Issued	50
Dollar Value of Costs Questioned	—
Dollar Value of Recommendations that Funds Be Put to Better Use	—
Recommendations with Management Decisions	66
Recommendations without a Management Decision	1
Collections as a Result of Questioned Costs	\$1,367,417

#### Indictments, Convictions, and Case Actions

Indictments from OIG Cases	184
Convictions from OIG Cases	112
Cases Opened	118
Cases Closed	150

## SBA Personnel Actions Taken as a Result of Investigation

Dismissals	—
Resignations and Retirements	—
Suspensions	—
Reprimands	—

## Program Actions Taken During the Reporting Period as a Result of OIG Action

Present Responsibility Referrals to the Agency	11
Pending at the Agency as of March 31, 2023	3
Suspensions Issued by the Agency	5
Proposed Debarments Issued by the Agency	6
Final Debarments Issued by the Agency	13
Proposed Debarments Declined by the Agency	0
Administrative Agreements Entered by the Agency in Lieu of Debarment	1
Present Responsibility Actions by Other Agencies	6

## Agency Legislative and Regulatory Proposals Reviewed

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	58
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	9

## Appendix B: Reports Issued

### Agency Management

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	23-02	11/15/2022	—	—	—
FY 2022 FISMA Review	23-03	12/13/2022	—	—	—
SBA's Controls Over Cash Contributions and Gifts FY 2022	23-04	12/19/2022	—	—	—
Program Subtotal	3	—	—	—	—

### Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
White Paper: 7(a) Loan Program During SBA's Response to the COVID-19 Pandemic	23-05	3/21/2023	—	—	—
Program Subtotal	1	—	—	—	—

### Top Management Challenges

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
Top Management and Performance Challenges Facing the Small Business Administration in FY 2023	23-01	—	—	—	—
Program Subtotal	1	—	—	—	—

## Appendix C: Reports, Recommendations, and Management Decisions

### Reports with Questioned Costs

IG Act Reporting Requirement	Reports	Recommendations*	Questioned Costs**	Unsupported Costs***
No management decision made by September 30, 2022	—	—	—	—
Issued during this reporting period	—	—	—	—
Management decisions made during this reporting period	—	—	—	—
(i) Disallowed costs	—	—	—	—
(ii) Costs not disallowed	—	—	—	—
No management decision made by March 31, 2023	—	—	—	—

\*Reports may have more than one recommendation.

\*\*Questioned costs are costs found to be improper.

\*\*\*Unsupported costs may be proper but lack documentation. Unsupported costs are a subset of questioned costs.

### Reports with Recommendations that Funds Be Put to Better Use

IG Act Reporting Requirement	Reports	Recommendations	Recommended Funds for Better Use
No management decision made by September 30, 2022	—	—	—
Issued during this reporting period	—	—	—
Subtotal	—	—	—
Management decisions made during this reporting period	—	—	—
(i) Recommendations agreed to by SBA management	—	—	—
(ii) Recommendations not agreed to by SBA management	—	—	—
No management decision made by March 31, 2023	—	—	—

## Reports from Prior Periods with Overdue Management Decisions

There are no reports from prior periods with overdue management decisions.

## Reports from Prior Periods with Open Recommendations as of March 31, 2023

Report Number	Title	Date Issued	Number of Recommendations	Aggregate Potential Cost Savings
18-13	Evaluation of SBA's 7(a) Loans to Poultry Farmers	3/6/2018	1	—
19-15	OIG High Risk 7(a) Loan Review Program	7/10/2019	1	\$3,000,297
20-03	Audit of SBA's Oversight of High-Risk Lenders	11/12/2019	3	—
20-08	Audit of the SBA's Community Advantage Pilot Program	3/18/2020	1	\$2,078,586
20-20	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	9/30/2020	9	—
21-02	Inspection of SBA's Initial Disaster Assistance Response to the Coronavirus Pandemic	10/28/2020	4	—
21-07	Inspection of SBA's Implementation of the Paycheck Protection Program	1/14/2021	1	—
21-08	SBA's Use of Vendors without a Contract	2/3/2021	3	\$10,800,476
21-09	Duplicate Loans Made Under the Paycheck Protection Program	3/15/2021	1	—
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	8	\$785,961
21-16	SBA's FY 2020 Compliance with PIIA	5/12/2021	2	—
22-01	SBA's Emergency EIDL Grants to Sole Proprietors and Independent Contractors	10/7/2021	1	\$4,500,000,000
22-04	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	11/8/2021	1	—
22-06	COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List	11/30/2021	2	—
22-07	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	1/18/2022	3	\$14,762,774
22-08	SBA's Business Development Assistance to 8(a) Program Participants	2/14/2022	7	\$117,463,921
22-09	SBA's Paycheck Protection Program Loan Review Processes	2/28/2022	1	—

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Report Number	Title	Date Issued	Number of Recommendations	Aggregate Potential Cost Savings
22-10	Evaluation of SBA's Contract for Disaster Assistance Loan Recommendation Services	4/14/2022	3	\$13,046,125
22-11	FY 2021 FISMA Review	4/28/2022	2	—
22-12	Independent Auditors' Report on SBA's Fiscal Year 2021 Compliance with the PIIA of 2019	5/17/2022	2	—
22-13	SBA's Handling of Potentially Fraudulent PPP Loans	5/26/2022	2	—
22-15	Inspection of SBA's Award and Payment Practices in the Shuttered Venue Operators Grant Program	7/5/2022	4	\$35,101,816
22-17	Evaluation of COVID-19 EIDL Applications Submitted from Foreign IP Addresses	9/12/2022	2	—
22-19	COVID-19 and Disaster Assistance Information Systems Security Controls	9/27/2022	10	—
22-20	SBA's Implementation of the Women-Owned Small Business Certification Program	9/29/2022	5	—
22-21	Paycheck Protection Program Eligibility for Nonprofit Organizations	9/26/2022	2	\$3,544,216
22-22	Follow-up Inspection of SBA's Internal Controls to Prevent COVID-19 EIDLs to Ineligible Applicants	9/29/2022	2	\$1,969,200
22-23	SBA's Corrective Actions to Improve Monitoring District Offices' Customer Service Activities	9/30/2022	1	—
22-25	SBA's Guaranty Purchases for PPP Loans	9/30/2022	2	—
—	Total	—	86	\$4,623,328,765

## Significant Recommendations from Prior Reporting Periods Without Final Action as of March 31, 2023

Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
18-13	03/06/2018	2	Review the arrangements between integrators and growers under the revised regulations, and establish and implement controls, such as supplemental guidance, to ensure SBA loan specialists and lenders make appropriate affiliation determinations.	03/01/2018	06/30/2023
19-15	07/10/2019	1	Require the lender to bring the loan into compliance or, if not possible, seek recovery of \$3,000,297 plus interest on the guaranty paid by SBA.	07/11/2019	05/27/2022
20-03	11/12/2019	1	Develop and implement policies and procedures to document OCRM's justification for (1) not conducting planned reviews and (2) identifying and prioritizing additional lenders for review.	11/15/2019	09/29/2023
20-03	11/12/2019	2	Develop and implement a comprehensive database to manage its oversight of high-risk lenders to ensure performance of all planned reviews, implementation of risk mitigation actions, and identification of noncompliant lender and systemic material loan deficiencies.	11/15/2019	09/30/2023
20-03	11/12/2019	5	Develop and implement policies and procedures that require OCRM to communicate systemic lender issues and material loan deficiencies to the appropriate SBA loan approval and purchase centers to facilitate proactive portfolio management and to mitigate the risk of improper guaranty purchases in the event of default.	11/15/2019	09/29/2023
20-08	03/18/2020	6	Establish a process to periodically assess the performance of CA loans approved with SBSS scores under 140, to determine whether the recently implemented SBA approval requirement is adequately mitigating the risk of loss.	06/30/2020	12/31/2022



Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
20-20	09/30/2020	1	Review all loans assigned to the resolution center that are 180 days or more delinquent and classified with code 66 (Lien or Mortgage/Refer to Treasury Offset Program Only) and 00 (Clear Existing Status Code) and transfer the loans to Treasury Cross-Servicing, unless verified as exempt when the temporary suspension of debt collection activities because of the pandemic is lifted.	09/16/2020	02/03/2023
20-20	09/30/2020	2	Revise SOP 50 52 to clearly communicate that all loans with collateral must be evaluated for foreclosure and placed in foreclosure status before they are 180 days delinquent.	09/16/2020	02/03/2023
20-20	09/30/2020	3	Revise SOP 50 52 2 to clearly communicate that all debts 180 days delinquent must be transferred to Treasury Cross-Servicing unless the debt meets a valid transfer exemption.	09/16/2020	02/03/2023
20-20	09/30/2020	5	Ensure that information used to monitor compliance with the Debt Collection Improvement Act includes all loans assigned to the resolution center as identified in the Capital Access Financial System.	09/16/2020	04/29/2022
20-20	09/30/2020	6	Review all loans currently assigned to the Center and designated exempt from Treasury Offset Program and verify that each of the obligors is exempt from referral to Treasury Offset Program, and if not, refer the obligors to Treasury Offset Program, as required.	09/16/2020	04/03/2023
20-20	09/30/2020	7	Review all loans currently assigned to the Center and designated as exempt from Treasury Cross-Servicing that are 180 days or more delinquent and verify that each of the obligors is exempt from transfer to Treasury Cross-Servicing, and if not, transfer the debt to Treasury Cross-Servicing, as required when the temporary suspension of debt collection activities due to COVID-19 is lifted.	09/16/2020	04/03/2023

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Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
20-20	09/30/2020	8	Establish policies and procedures to require routine follow-up on delinquent loans to ensure full compliance with the Debt Collection Improvement Act.	09/16/2020	04/29/2022
20-20	09/30/2020	9	Reiterate the requirements for workout agreements to responsible personnel to ensure compliance with the Debt Collection Improvement Act.	09/16/2020	02/03/2023
20-20	09/30/2020	10	Perform a cost benefit analysis to determine if SBA should begin assessing fees to offset the cost of processing and handling delinquent disaster loans.	09/16/2020	04/03/2023
21-02	10/28/2020	1	Review all loans that had a bank account number changed from that shown on the original application to determine if the changes were legitimate or fraudulent. If not legitimate, work to recover the funds, deobligate any undisbursed funds, and refer to the OIG.	12/08/2020	05/13/2023
21-02	10/28/2020	3	Review duplicate loans to IP addresses, email addresses, business addresses, and bank accounts to determine if there are undisbursed funds that should be suspended until the duplicate loans are assessed for eligibility.	12/08/2020	05/13/2023
21-02	10/28/2020	5	Strengthen or establish controls to ensure multiple loans are provided only to eligible applicants and prevent the erroneous duplication of loans.	08/10/2021	05/13/2023
21-02	10/28/2020	6	Strengthen data integrity to make it possible to determine if the inaccurate information allowed loans to be made to ineligible entities and to strengthen SBA's ability to service loans appropriately.	08/10/2021	05/13/2023
21-07	01/14/2021	1	Review the loans identified as potentially ineligible to determine if the businesses met eligibility requirements. If not, take appropriate action related to loan guaranty and forgiveness.	01/14/2021	04/03/2023

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Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
21-08	02/03/2021	1	Require responsible personnel to execute a contract for foreclosure and real estate services to ensure the procurement of services are obtained and authorized in accordance with the Federal Acquisition Regulation requirements.	02/01/2021	04/30/2022
21-08	02/03/2021	2	Ensure that vendors used to provide foreclosure and real estate services are registered in SAM, as required.	02/01/2021	12/15/2023
21-08	02/03/2021	3	Ratify the over \$10.8 million in payments in accordance with the FAR and 48 CFR § 1.602-3.	02/02/2023	06/30/2023
21-09	03/15/2021	1	Review the OIG identified potential duplicate disbursements for eligibility and take action to recover any improper payments as applicable.	03/31/2021	06/30/2023
21-14	05/04/2021	1	Implement financial oversight procedures for the WBC program that ensure the program office enforces WBC cooperative agreement requirements. Program officials should ensure WBCs use federal funds only for allowable, allocable, and reasonable expenses, adhere to contract award procedures, and separate project costs by funding source.	05/04/2021	04/30/2023
21-14	05/04/2021	2	Remedy \$523,790 in unsupported matching funds, unsupported program income, and the resulting portion of the federal funds reimbursed for the unmet match, and \$186,537 in unsupported expenses.	05/04/2021	09/29/2024
21-14	05/04/2021	3	Recover \$31,215 for improperly awarded contracts and \$31,424 in unallowable or unallocable expenses.	05/04/2021	09/29/2024
21-14	05/04/2021	4	Implement policies and procedures for conducting thorough financial compliance reviews and coordinate with the Office of Field Operations to train field office personnel responsible for semiannual site visits.	05/04/2021	04/30/2023

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Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
21-14	05/04/2021	5	Establish policies holding program officials accountable for promptly following up on financial examination results and enforcing cooperative agreement requirements.	05/04/2021	04/30/2023
21-14	05/04/2021	6	Require higher-level reviewers to clearly justify and document approving or denying disbursement of funds if the decisions differ from the recommendations of lower-level reviewers; justification documentation should be kept in the official cooperative agreement file.	05/04/2021	04/30/2023
21-14	05/04/2021	7	Review expenses for the \$28,089 reallocation of budget expenses we detailed in this report to ensure these costs are allowable and document the rationale for the reallocation or recover costs that are unallowable.	05/04/2021	09/29/2024
21-14	05/04/2021	8	Require program officials to enforce the cooperative agreement terms and conditions and deobligate or withhold payments if WBCs do not submit accurate financial reports on time.	05/04/2021	04/30/2023
21-16	05/12/2021	10	Collaborate with the Chief Financial Officer to ensure a timely and complete reconciliation is performed on the population subject to sampling for improper payment reviews.	08/06/2021	02/03/2023
21-16	05/12/2021	11	Coordinate with the Office of Disaster Assistance's statistician to ensure the estimated improper payment amounts are calculated consistently and the sampling methodology adequately describes the criteria for stratification.	08/06/2021	02/03/2023
22-01	10/07/2021	1	Review the applications of sole proprietors and independent contractors that included numbers of employees but no Employer Identification Number; and remedy the \$3.5 billion disbursed to sole proprietors and \$1 billion disbursed to independent contractors that exceeded the amount allowed by SBA's policy.	10/04/2021	05/15/2023

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Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
22-04	11/08/2021	2	KPMG recommends the Administrator coordinate with the Associate Administrator for Disaster Assistance to enforce that documentation is maintained to evidence changes to a loan and ensure that awarding actions are entered into the source systems in a timely manner.	09/01/2022	09/30/2023
22-06	11/30/2021	2	Use Treasury's DNP analysis to systemically flag COVID-19 EIDL and Emergency EIDL grant recipients who were found in Treasury's DNP system and not previously reported by OIG. Review the applications and determine whether they are deemed ineligible. If the applicant is deemed ineligible, recover any disbursed funds, and flag the application as ineligible.	11/30/2021	10/30/2023
22-06	11/30/2021	3	For all COVID-19 EIDLs and Emergency EIDL grants identified and flagged as potentially ineligible above, include those transactions in SBA's 2021 improper payments estimation process.	02/02/2023	12/29/2023
22-07	01/18/2022	3	Evaluate whether the contract costs for web development services and media services are reasonable and remedy any violations.	01/18/2022	05/15/2023
22-07	01/18/2022	4	Assess and recover the amount spent on the unallowable contracted project management services expenses incurred during the performance of the grant.	04/04/2022	05/15/2023
22-07	01/18/2022	5	Recover the \$100,000 paid for unallowable pre-award project management expenses.	04/04/2022	05/15/2023
22-08	02/14/2022	1	Implement a standard process to approve initial business plans and monitor to ensure that business plans are reviewed annually, to include appropriate updates for specific targets, objectives, and goals for the business development of program participants, in accordance with 13 CFR 124.403(a) and section 7(j)(10)(D) of the Small Business Act.	11/10/2022	12/29/2023

Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
22-08	02/14/2022	3	Establish outcome-based performance goals and measurements to assess whether the program achieved business development objectives, including the number of graduated 8(a) firms in accordance with the measure of success in section 101(b)(2) of the Business Opportunity Development Reform Act of 1988.	02/14/2022	12/29/2023
22-08	02/14/2022	5	Implement a process to ensure the systematic collection of accurate and complete data on program results and operations to make sure all program reporting requirements are met, in accordance with section 7(j)(16)(A) of the Small Business Act and Standards for Internal Control in the Federal Government Principles for Information and Communication.	11/10/2022	12/29/2023
22-08	02/14/2022	6	Implement requirements for management to monitor that Business Opportunity Specialists consistently assess program participant's development needs, counsel participants, conduct annual field visits, and maintain required documentation, as required by standard operating procedures.	11/10/2022	12/29/2023
22-08	02/14/2022	7	Ensure all employees performing Business Opportunity Specialist duties maintain a current Federal Acquisition Certification in Contracting Level 1 Certification within a year of appointment in accordance with section 4(g) of the Small Business Act.	02/14/2022	03/17/2023

Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
22-08	02/14/2022	8	Use lessons learned from servicing 8(a) firms in an entirely virtual environment to coordinate district office resources and share best practices in order to equitably serve all 8(a) program participants. Align assigned Business Opportunity Specialist staffing levels accordingly to be consistent with ideal workload ratios as determined by the program office.	02/14/2022	01/13/2023
22-10	04/14/2022	1	Implement procedures to ensure contracting officers use effective proposal analysis techniques to determine prices are fair and reasonable in accordance with FAR 15.404.	06/27/2022	09/30/2022
22-10	4/14/2022	3	Request a formal size determination in accordance with FAR 19.302 to evaluate whether the loan processing contractor exceeded the size standard and remedy any violation in accordance with 15 USC 645(d).	03/15/2023	03/31/2023
22-10	04/14/2022	5	Implement procedures to monitor post-award compliance with subcontracting limitations.	04/14/2022	03/31/2023
22-11	04/28/2022	1	Design and implement a quality assurance program to ensure that SBA system software inventory and contractor managed systems are maintained, as required by the National Institute of Standards and Technology (NIST) Special Publication 800-53.	04/29/2022	07/10/2023
22-11	04/28/2022	2	Ensure the continuity of operations plan is tested annually, as required by Federal Continuity Directive 1.	04/29/2022	07/10/2023
22-12	05/17/2002	5	Formally document and implement additional preventative and monitoring controls to determine the eligibility of borrowers prior to approval and disbursement of loans.	08/29/2022	07/31/2023

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Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
22-12	05/17/2002	6	Ensure that the sampling and estimation methodology plan and results are updated and adequately describe the criteria for stratification of the population by disaster size, including how it was determined and whether it was consistently applied.	08/29/2022	07/31/2023
22-13	05/26/2022	1	Establish clearly defined and detailed roles, responsibilities, and processes for all SBA offices and officials responsible for managing and handling potentially fraudulent PPP loans to reduce the risk of ineligible applicants receiving PPP forgiveness and the risk of fraud and financial loss in the PPP and when implementing similar future programs.	06/03/2022	06/30/2023
22-13	05/26/2022	2	Provide lenders formal guidance to effectively and consistently handle potentially fraudulent PPP loans and ensure lenders have sufficient guidance when implementing similar future programs.	06/03/2022	06/30/2023
22-15	07/05/2022	1	Establish procedures to use a risk-based approach for disbursing award funds for future disaster grant programs.	09/28/2022	03/31/2023
22-15	07/05/2022	2	Ensure all SVOG program notices of award are signed by an authorized government official and remedy awards that were not entered into by an authorized government official.	09/28/2022	04/19/2023
22-15	07/05/2022	3	Recover the \$1.9 million of overpayments to a grant recipient in accordance with 2 CFR § 200.345-346.	09/28/2022	04/19/2023
22-15	07/05/2022	6	Reassess SBA's flexibility in allowing waivers for budget changes between line items or implement monitoring procedures to mitigate risks of recipients using funds for unallowable expenses during the grant performance period.	09/28/2022	03/31/2023



Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
22-17	09/12/2022	1	Thoroughly review each COVID-19 EIDL, grant, and advance application submitted from foreign IP addresses that were approved and funded and verify eligibility. If ineligibility or evidence of potential fraud is found, SBA should stop any further or future disbursements, recover any disbursed funds, and refer fraudulent loans to OIG for investigation.	10/06/2022	10/31/2023
22-17	09/12/2022	2	Examine controls related to foreign IP addresses and ensure these controls are more effective in future disaster processing systems.	10/06/2022	10/23/2023
22-21	09/26/2022	1	Review the 179 PPP loans, totaling approximately \$684 million, for compliance with affiliation and size standards to ensure eligibility requirements were met and seek remedy or repayment for all loans deemed ineligible.	—	—
22-21	09/26/2022	2	Seek remedy or repayment of a PPP loan in the amount of \$3.5 million.	01/19/2023	05/31/2023
22-19	09/27/2022	1	Ensure the existing SBA System Development Methodology is updated to include supply chain risk-management practices as required by OMB Circular A-130 and high-value asset system designation guidance. Also, ensure high-value asset system risks are incorporated into the enterprise risk management framework, as recommended by OMB M-19-03 and SBA SOP 90 47 6.	11/08/2022	08/25/2023
22-19	09/27/2022	2	Communicate and enforce the SBA System Development Methodology in which a traceability matrix is used to ensure that system requirements can be tested and demonstrated in the operational system. Ensure all requirements are aligned with the contractual acceptance criteria.	11/8/2022	11/24/2023

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Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
22-19	09/27/2022	3	Implement in updated agency guidance, the requirements of OMB Circular No. A-123 that stipulate a SOC 1 Type 2 report is needed for all new and existing financial systems. This guidance should also require confirmation at least annually that the controls are functioning as designed.	11/23/2022	05/26/2023
22-19	09/27/2022	4	Enforce the requirement to establish and implement internal controls to ensure appropriate program officials perform and document contract reviews to ensure that information security is appropriately addressed in the contracting language, as required by OMB Circular A-130 and SBA SOP 90 47 6.	11/09/2022	06/30/2023
22-19	09/27/2022	5	In conjunction with the Enterprise Risk Management Board, implement enterprise-wide privacy risk mitigation practices that can be assimilated into new and existing system program designs.	11/08/2022	06/16/2023
22-19	09/27/2022	6	Complete an initial assessment and authorization for each information system and all agency-designated common controls before operation.	11/08/2022	12/15/2023
22-19	09/27/2022	7	Transition information systems and common controls to an ongoing authorization process (when eligible for such a process) with the formal approval of the respective authorizing officials or reauthorize information systems and common controls as needed, on a time or event-driven basis in accordance with agency risk tolerance, as required by OMB Circular No. A-130 and SOP 90 47 6.	11/10/2022	09/29/2023
22-19	09/27/2022	8	Review and update POA&Ms at least quarterly as required by SOP 90 47 6.	11/09/2022	09/22/2023
22-19	09/27/2022	9	Ensure data-sharing agreements are reviewed annually as required by SBA SOP 90 47 6.	11/09/2022	06/23/2023

Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
22-19	09/27/2022	10	Implement an automated process to document and monitor system changes as recommended by NIST SP 800-53 Rev. 5.	11/09/2022	09/29/2023
22-20	09/29/2022	2	Update application instructions and require WOSB applicants to submit documentation for program officials to verify the business meets small business size standards.	—	—
22-20	09/29/2022	4	Implement a plan to mitigate or remedy beta.Certify.sba.gov issues affecting SBA’s ability to maintain records, accurately report data, and work with other federal databases, minimizing the possibility of awarding contracts to ineligible businesses.	01/13/2023	06/05/2023
22-20	09/29/2022	5	Assess the technological resources, staffing levels, and service contracts needed to reduce application wait time and ensure application reviews are conducted in a prompt manner in accordance with regulatory requirements in 13 CFR 127.300. Use the results of the assessment to improve processing times.	09/29/2022	05/01/2023
22-20	09/29/2022	6	Develop standard operating procedures to ensure program officials assess third-party certifications, establish a risk-based sampling plan for selecting files to review, and document the results of the compliance reviews.	09/29/2022	10/01/2022
22-22	09/29/2022	1	Review the 20 loans identified in this report as ineligible for the COVID-19 EIDL that the applicants received and recover approximately \$2 million improperly disbursed to the applicants.	11/09/2022	09/30/2023

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Report Number	Date Issued	Recommendation Number	Recommendation	Date of Management Decision	Final Action Target Date
22-22	09/29/2022	2	Review the COVID-19 EIDL disbursements with suspect Taxpayer Identification Numbers made after December 27, 2020 to determine if the loan file contains conclusive evidence that the applicant business existed on January 31, 2020, and therefore, met the CARES Act eligibility requirements. If not, flag the borrower as ineligible and recover the funds.	11/09/2022	09/30/2023
22-25	09/30/2022	2	Explore alternative means of collections for PPP loans with an outstanding balance of \$100,000 or less.	—	—
22-25	09/30/2022	3	Conduct an initial and periodic cost benefit analysis on PPP purchase guarantees with comprehensive estimates to sufficiently assess whether the cost of collecting loans of \$100,000 or less is more than the recovery amount and pursue collections based on results of the analysis.	12/07/2022	09/29/2023

## Significant Recommendations from this Reporting Period

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	1	Design and implement controls to ensure the population of nonreporting loan status reports or loan status reports with errors is complete and accurate.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	2	Determine and enforce policies and controls to hold lenders accountable for submitting loan status reports timely and correctly.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	3	Design and implement controls to monitor incomplete or inaccurate PPP lender loan status reports on an ongoing basis, including the review and resolution of loan status reports with errors.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	4	Design and implement controls to assess the accounting considerations, based on the results of the lender loan status reports review process for PPP loan guarantees, including the impact on the reestimate and balances presented in the consolidated financial statements, and record any necessary adjustments.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	5	Develop and enforce a policy and controls that require the adequate review, validation, and monitoring of the outputs of the case management system and maintenance of documentation evidencing the review.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	6	Develop and enforce a policy and controls to monitor the results of the contractor's loan review process including a review of loans with a 'No Further Action' determination and maintenance of documentation evidencing the review.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	7	Perform a thorough review of the 2021 cohort of PPP loan guarantees. Based on the review, determine the impact on the outstanding loan guarantee and the eligibility for forgiveness of loans that are determined to not be in conformance with the CARES Act and related legislation and program requirements.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	8	Develop and document an effective funds recovery plan and controls to ensure funds disbursed to ineligible recipients as part of the forgiveness review process are recovered and reported accurately in a timely manner.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	9	Perform a thorough and complete analysis of all requirements communicated to lenders for the PPP program and determine how to evaluate whether lenders met the requirements prior to disbursing a PPP loan. The analysis should include evidence to support the adequacy of SBA's review process when determining which purchase requests will require additional review.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	10	Develop and document an effective funds recovery plan and controls to ensure funds disbursed to ineligible recipients as part of the purchases review process are recovered and reported accurately in a timely manner.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	11	Perform a thorough review of the COVID-19 EIDLs and determine which transactions were not in conformance with the CARES Act and related legislation and provided to ineligible recipients.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	12	Implement adequate controls over the loan review process to ensure that COVID-19 EIDLs identified with eligibility concerns are complete and the specific eligibility concerns identified are accurate.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	13	Document a comprehensive process for the COVID-19 EIDLs review process, including how loans with eligibility concerns are identified, tracked, and resolved.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	14	Develop and document an effective funds recovery plan and controls to ensure funds disbursed to ineligible recipients as part of the COVID-19 EIDLs review process are recovered and reported accurately in a timely manner.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	15	Assess the accounting considerations, based on the results of the review process for COVID-19 EIDLs, including the impact on the consolidated financial statements, and record any necessary adjustments for transactions determined not to be in conformance with the CARES Act and related legislation.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	16	Continue implementing controls to accumulate relevant, complete, and accurate data on which to base the subsidy reestimate models for the PPP and COVID-19 EIDL portfolios.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	17	Design and implement adequate review and approval controls over the reestimate models for the PPP and COVID-19 EIDL portfolios by appropriate levels of management, and to coordinate with relevant program offices to assess the integrity of relevant data inputs used in the development of assumptions, and reasonableness for the selected assumptions used and the resulting estimates.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	18	Continually evaluate the established policy for SOC 1 reports that requires new service organizations to provide a SOC 1 report over the control environment that is relevant and significant to the processing and recording of SBA's transactions as it relates to COVID-19 EIDLs. If a SOC 1 report cannot be obtained, identify and evaluate relevant controls at the service organizations that have an impact on SBA's internal controls over financial reporting.



23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	19	<p>Assess the risk posed by the service organization's control environment and obtain sufficient assurance over the operating effectiveness of relevant and significant controls to determine the integrity of the COVID-19 EIDL transactions processed on behalf of and recorded by SBA. If a SOC 1 report is obtained for the relevant control environment at the service organization, determine and document the following:</p> <p>SOC 1 report is sufficiently scoped to cover transaction processing and related control activities performed by the service organization on behalf of SBA (e.g., that services, business applications and other information technology, service organization departments and locations, control objectives and activities, and other aspects of scope that are relevant to SBA's internal controls over financial reporting are included in the scope of SOC 1 reports).</p> <p>All exceptions noted in the SOC 1 report — not just those described in the independent service auditor's report — are evaluated to determine applicability to SBA's internal controls over financial reporting, the potential impact to SBA's financial statements, and mitigating controls other considerations made during their risk assessment.</p> <p>All complementary user entity controls described in the SOC 1 reports are evaluated using current information and with consideration to their applicability to SBA's internal controls over financial reporting.</p> <p>Evaluation procedures performed to assess whether complementary user entity controls and other SBA-</p>
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Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	20	<p>performed controls were tested and found effective and, if they are not, the impact of such deficiencies on SBA's internal controls over financial reporting.</p> <p>All complementary subservice organization controls described in SOC 1 reports are evaluated to determine whether they provided services and performed controls considered relevant to SBA's internal controls over financial reporting and, if relevant subservice organizations were identified, an evaluation is performed to obtain an understanding of the subservice organization(s) and their controls. SOC 1 reports cover the appropriate period or corresponding gap letters provide sufficient coverage to assess impacts on SBA's internal controls over financial reporting.</p> <p>Continually evaluate the established policy for SOC 1 reports that requires new service organizations to provide a SOC 1 report over the control environment that is relevant and significant to the processing and recording of SBA's transactions as it relates to loan guarantee programs. If a SOC 1 report cannot be obtained, identify and evaluate relevant controls at the service organizations that have an impact on SBA's internal controls over financial reporting.</p>

23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	21	<p>Assess the risk posed by the service organizations' control environments and obtain sufficient assurance over the operating effectiveness of relevant and significant controls to determine the integrity of loan guarantee program transactions processed on behalf of and recorded by SBA. If a SOC 1 report is obtained for the relevant control environment at the service organization, determine and document the following:</p> <p>SOC 1 report is sufficiently scoped to cover transaction processing and related control activities performed by the service organization on behalf of SBA (e.g., that services, business applications and other information technology, service organization departments and locations, control objectives and activities, and other aspects of scope that are relevant to SBA's internal controls over financial reporting are included in the scope of SOC 1 reports).</p> <p>All exceptions noted in the SOC 1 report – not just those described in the independent service auditor's report – are evaluated to determine applicability to SBA's internal controls over financial reporting, the potential impact to SBA's financial statements, and mitigating controls considerations made during their risk assessment.</p> <p>All complementary user entity controls described in the SOC 1 reports are evaluated using current information and with consideration to their applicability to SBA's internal controls over financial reporting.</p> <p>All complementary subservice organization controls described in SOC 1 reports are evaluated to determine whether they provided</p>
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Report Number	Date Issued	Title	Recommendation Number	Recommendation
				<p>services and performed controls considered relevant to SBA’s internal controls over financial reporting and, if relevant subservice organizations were identified, an evaluation is performed to obtain an understanding of the subservice organization(s) and their controls. SOC 1 reports cover the appropriate period or corresponding gap letters provide sufficient coverage to assess impacts on SBA’s internal controls over financial reporting.</p>

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	22	<p>Assess the risk posed by the service organizations' control environments and obtain sufficient assurance over the operating effectiveness of relevant and significant controls to determine the integrity of SVOG program transactions processed on behalf of and recorded by SBA and communicate the results to the relevant program offices. If a SOC 1 report is obtained for the relevant control environment at the service organization, determine and document the following:</p> <p>SOC 1 report is sufficiently scoped to cover transaction processing and related control activities performed by the service organization on behalf of SBA (e.g., that services, business applications and other information technology, service organization departments and locations, control objectives and activities, and other aspects of scope that are relevant to SBA's internal controls over financial reporting are included in the scope of SOC 1 reports).</p> <p>All exceptions noted in the SOC 1 report — not just those described in the independent service auditor's report — are evaluated to determine applicability to SBA's internal controls over financial reporting, the potential impact to SBA's financial statements, and mitigating controls considerations made during their risk assessment.</p>

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	23	Design and implement a sufficient ongoing review of RRF and SVOG awards disbursed and identify recipients that may not have been eligible to receive the awards in accordance with the program's terms, especially for recipients with flagged PPP loan guarantees.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	24	Design and implement effective monitoring controls to ensure that RRF and SVOG award recipients are complying with the program's terms and to ensure complete, accurate, and timely reporting for the use of the award.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	25	Develop and document an effective funds recovery plan and controls to ensure funds disbursed to ineligible recipients as part of the RRF and SVOG review process are recovered and reported accurately in a timely manner.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	26	Design and implement controls to ensure the accounting treatment established to record the balances related to the RRF and SVOG programs are in accordance with U.S. generally accepted accounting principles and the basis for the appropriate treatment is sufficiently documented.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	27	In conjunction with the Office of the Chief Financial Officer, complete the internal control risk assessments for programs that have a material impact on the financial statements at a process level in a timely manner. The risk assessments should include the consideration of whether controls designed and implemented are operating at a sufficient precision level in accordance with management's materiality threshold and will be sufficient for financial reporting purposes.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	28	Develop and implement monitoring controls as required by the GAO's Standards for Internal Control in the Federal Government to ensure implementation of an effective internal control environment.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	29	Perform and document a thorough risk assessment at the financial statement assertion level to identify process level risks and communicate the results to relevant program offices.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	30	In conjunction with relevant program offices, assess the effectiveness of key process level controls to respond to the identified risks.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	31	In conjunction with relevant program offices, develop and implement processes to ensure the timely completion of the testing and monitoring of the design, implementation, and operating effectiveness of key, relevant controls that affect financial reporting and compliance with relevant laws and regulations.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	32	Perform a review of the payments made by SBA for covered loans under the Debt Relief Program to identify, review, and remediate any potential over or under payments made on the related loans.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	33	Review and update current processes and procedures for notifying program offices of personnel separations to ensure inclusion of current primary and secondary points of contacts for each program office responsible for managing information systems.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	34	Review the activities of the terminated employees and contractors to ensure that their accounts were not used after they separated from SBA.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	35	Update the Office of Capital Access procedures to identify the control activities, responsible parties, and the process for the removal of access for terminated users upon notification from the Office of the Chief Human Capital Officer.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	36	Implement controls and a monitoring process to ensure that patches applied to the database and operating system and application changes are appropriately tested prior to being moved into the production environment.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	37	Update the system configuration management plan to require internal control documentation for patch management and application changes as required by GAO's <i>Standards for Internal Control in the Federal Government</i> .



Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	38	Periodically train personnel involved with the implementation of database and operating system patches, and the review and approval of application changes, to follow the respective controls and requirements of the patch management and application change management processes in accordance with existing policies.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	39	Update the risk assessment regarding the evaluation of internal controls to ensure it includes all significant programs, key processes, and other material line items on the consolidated financial statements.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	40	In conjunction with relevant program offices, perform and document the internal control evaluation over all programs. This should include entity level controls, manual controls, general information technology controls, and system application controls covering key financial statement line items and risks.
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	41	Update the existing policy and implement adequate controls to ensure that the statement of assurances provided by the program offices are adequately documented and reviewed for completeness and accuracy to provide a sufficient basis to support the Administrator's statement of assurance.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
23-02	11/15/2022	Independent Auditors' Report on SBA's Fiscal Year 2022 Financial Statements	42	Address the control deficiencies over transactions arising from the implementation of the CARES Act and related legislation by working with the Office of Capital Access and the Office of Disaster Assistance to implement the recommendations in Appendix I – Material Weaknesses.
23-03	12/13/2022	FY 2022 FISMA Review	1	Design and implement a quality assurance program to ensure that SBA system hardware inventory is maintained as required by the National Institute of Standards and Technology (NIST) Special Publication 800-53.
23-03	12/13/2022	FY 2022 FISMA Review	2	Implement a process to ensure SBA reviews its external service providers for supply chain risks and ensure all assessments of supply chain risks are documented as outlined in NIST 800-53.
23-03	12/13/2022	FY 2022 FISMA Review	3	Communicate and reinforce to program offices the requirement to review and remove system and user accounts in accordance with SOP 90 47 6.
23-03	12/13/2022	FY 2022 FISMA Review	4	Update the policies and procedures to conduct a formal workforce assessment as required under the Federal Cybersecurity Workforce Assessment Act of 2015.
23-03	12/13/2022	FY 2022 FISMA Review	5	Develop, document, and implement a process that requires management review of information security data and report information security threats.
23-03	12/13/2022	FY 2022 FISMA Review	6	Ensure owners of high value asset systems carry out functional testing of contingency plans on an annual basis and initiate corrective actions as required by SOP 90 47 6.

## **Significant Management Decisions with which OIG Disagrees**

There were no significant management decisions OIG disagrees with during this reporting period.

## **Significant Revised Management Decisions**

There were no significant revised management decisions during this reporting period.

## **Federal Financial Management Improvement Act**

The OIG's Independent Public Accountant, KPMG, did not render an opinion on the compliance with the Federal Financial Management Improvement Act of 1996, but their test work in the FY 2021 financial statement disclosed instances in which SBA's financial management systems did not substantially comply with federal financial management systems requirements and applicable federal accounting standards. The results disclosed no instances in which SBA's financial management systems did not substantially comply with the *United States Standard General Ledger* at the transaction level.

## **Instances of Interference**

There were no attempts by SBA officials to interfere with OIG independence during this reporting period.

## Appendix D: Investigations Reporting Statistics

### Investigative Reports Issued

Report Type	Number of Reports
Report of Investigation	132
Preliminary Case Closing Reports of Investigation	8
Total	140

### Persons Referred for Prosecution

Referred to	Number of Persons
Department of Justice	84
State Attorney	2
Local Attorney	1
Total	87

\* Number includes persons and entities referred for prosecution.

### Pandemic-related Investigative Statistics

SBA OIG	Investigations (opened)	Indictments/Complaints	Arrests	Convictions
PPP/EIDL/RFF/SV*	105	184	129	112
Investment Fraud	12	0	0	0
Total	117	184	129	112

\* PPP stands for Paycheck Protection Program; EIDL stands for Economic Injury Disaster Loan; RFF stands for Restaurant Revitalization Fund; SV stands for Shuttered Venue Operators Grant.

### Whistleblower Retaliation Cases

There were no OIG investigations involving whistleblower retaliation cases during this semiannual period.

### Investigations Involving a Senior Government Employee in which Misconduct was Substantiated

There were no OIG investigations involving a senior government employee where misconduct was substantiated during this semiannual period.

## **Investigations Involving a Senior Government Employee that are Closed and Not Disclosed to the Public**

There were no nonpublic, closed investigations of senior government employees during this semiannual period.

## Appendix E: Legal Actions Summary

### Legal Actions, October 1, 2022–March 31, 2023

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
NY	BL	FBI, IRS/CI, FRB/OIG	Individuals submitted multiple fraudulent PPP loan applications, including falsified supporting documentation, for companies they owned and controlled, totaling over \$3.9 million in PPP loans.	Individual 1 was sentenced to 90 months of incarceration and 3 years of supervised release.  Individual 2 was sentenced to 42 months of incarceration and 3 years of supervised release.  Individual 3 was sentenced to 33 months of incarceration and 3 years of supervised release.  Individual 4 was sentenced to 18 months of incarceration and 3 years of supervised release.  Individual 5 was sentenced 3 years of supervised release.  Individuals were ordered to pay over \$12.7 million in restitution.
IL	BL/DL	IRS/CI	Individual defrauded SBA and financial institutions for over \$450,000 in loans through the PPP and EIDL programs. Individual misused proceeds for personal use, such as gambling, vacations, and other personal expenses, including the purchase of illegal narcotics.	Individual was sentenced to 48 months of incarceration, 3 years of supervised release, and ordered to pay \$421,900 in restitution.
CA	BL/DL	DHS/OIG	As part of the scheme, individual submitted multiple fraudulent PPP and EIDL applications. Individual successfully obtained over \$800,000 in loans even though falsified bank records and fake employee information was submitted.	Individual was sentenced to 30 months of incarceration, 4 years of supervised release, and ordered to pay \$48,190 in restitution.
MO	BL	SSA/OIG	Individual made material misrepresentations to a financial institution to gain approval for PPP loans and obtained over \$350,000.	Individual was sentenced to 27 months of incarceration, 3 years of supervised release, and ordered to pay \$357,638 in restitution.
NC	BL/DL	IRS/CI, FDIC/OIG, TIGTA	Individual defrauded and conspired to submit PPP loans and EIDLs, securing over \$1.3 million by using false business operations and providing materially false information on loan applications.	Individual was sentenced to 66 months of incarceration, 3 years of supervised release, and ordered to pay \$498,757 in restitution.

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State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
CA	BL/DL	FBI, FDIC/OIG, IRS/CI, FRB, TIGTA	Individuals made false statements in an attempt to obtain 12 PPP loans and EIDLs totaling over \$1.6 million. Individuals made several false statements and manipulated bank statements within their application.	Individual 1 was sentenced to 84 months of incarceration and 5 years of supervised release. Individual 2 was sentenced to 51 months of incarceration and 5 years of supervised release. Individuals were ordered to pay over \$2 million in restitution.
GA	BL	DCIS, Army/CID, TIGTA, VA/OIG	Individual submitted over 150 fraudulent PPP loan applications and over 12 fraudulent federal student loan discharge applications, resulting in over \$3.6 million being disbursed.	Individual was sentenced to 42 months of incarceration, 3 years of supervised release, and ordered to pay over \$3.6 million in restitution.
OR	DL	FBI, TIGTA	As part of a fraud scheme, individual provided false information to financial institutions related to businesses and personal income to obtain funds through the SBA guaranteed loan program.	Individual was sentenced to 8 months of incarceration, 3 years of supervised release, and ordered to pay \$23,900 in restitution.
GA	DL/BL	FBI	As part of a fraud scheme, individual applied for over \$4.5 million in PPP loans and EIDLs. Individual misrepresented the number of employees and payroll expenses.	Individual was sentenced to 37 months of incarceration, 3 years of supervised release, and ordered to pay over \$2.1 million in restitution.
FL	DL	FBI/USSS	Individuals made multiple false statements and obtained over five EIDLs totaling over \$500,000.	Individual 1 was sentenced to 132 months of incarceration and 15 years of supervised release. Individual 2 was sentenced to 132 months of incarceration and 10 years of supervised release. Individuals were ordered to pay over \$1 million in restitution.
NY	BL	FRB, FBI, IRS/CI, FDIC/OIG, SSA/OIG	Individuals submitted six PPP applications, seeking to obtain over \$35,000 in COVID-19 relief funds.	Individual 1 was sentenced to 1 month of incarceration and 2 years of supervised release. Individual 2 was sentenced to 1 month of incarceration and 2 years of supervised release. In total, individuals were ordered to pay \$38,756 in restitution.
TN	BL/DL	IRS/CI, TIGTA	As part of a fraud scheme, individual applied for over 400 fraudulent EIDL applications, resulting in a \$1.1 million loss to SBA.	Individual was sentenced to 48 months of incarceration, 3 years of supervised release, and ordered to pay \$210,000 in restitution.
ID	DL	FBI	Individual made false assertions and certifications concerning EIDLs totaling over \$2.8 million.	Individual was sentenced to 24 months of incarceration, 3 years of supervised release, and ordered to pay over \$2.8 million in restitution.

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
NH	BL	FBI, DHS/OIG, IRS/CI	Individual made material misrepresentations to a financial institution and filed 10 fraudulent loan applications, seeking more than \$2.5 million in forgivable loans through the PPP under the CARES Act.	Individual was sentenced to 66 months of incarceration, 4 years of supervised release, and ordered to pay over \$2.5 million in restitution.
CA	BL	FBI, FDIC/OIG, FHFA, IRS/CI, USPS	Individual submitted false information about employment as an independent contractor and revenue reported.	Individual was sentenced to 83 months of incarceration, 108 months of supervised release, and ordered to pay over \$1.3 million in restitution.
FL	DL	FBI, FDIC/OIG, IRS/CI	As part of a fraud scheme, individual defrauded various financial institutions by creating false companies and obtaining over \$7 million in loans.	Individual was sentenced to 66 months of incarceration, 3 years of supervised release, and ordered to pay over \$7.8 million in restitution.
CA	DL	FBI, FDIC/OIG	Individual was a bank employee who submitted multiple fraudulent EIDL applications, including falsified supporting documentation, for companies owned and/or controlled.	Individual was sentenced to 12 months incarceration and 3 years of supervised release and was ordered to \$74,000 in restitution.
GA	BL	FBI, DOL/OIG	Individual submitted false and fraudulent PPP applications and received over \$220,000 in loans.	Individual was sentenced to 75 months of incarceration, 3 years of supervised release, and ordered to pay \$220,000 in restitution.
CA	DL	USSS	Individual made false assertions and certifications concerning EIDL benefits.	Individual was sentenced to 2 years of supervised release and ordered to pay \$10,000 in restitution.
TN	DL	ATF	As part of a fraud scheme, individual submitted EIDL applications and attempted to obtain over \$300,000 in CARES Act funds.	Individual was sentenced to 15 months of incarceration, 3 months of supervised release, and ordered to pay \$10,000 in restitution.
MI	DL	FBI	Individual used a position within SBA to access the SBA database, retrieving personally identifiable information to apply for EIDLs. Individual used the funds to purchase a Land Rover.	Individual was sentenced to 4 years of supervised release and ordered to pay \$34,786 in restitution.
TX	DL	USSS	Individuals made false statements and fraudulently applied for over 400 EIDLs, attempting to obtain more than \$7.4 million. Individuals purchased lavish personal vacation rentals.	Individual 1 was sentenced to 121 months of incarceration and 5 years of supervised release. Individual 2 was sentenced to 66 months of incarceration and 2 years of supervised release. In total, individuals were ordered to pay over \$7.4 million in restitution.



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State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
FL	DL	USSS	As part of a fraud scheme, individual submitted fraudulent EIDL applications and obtained over \$20,000 in CARES Act funds.	Individual was sentenced to 15 months of incarceration, 3 years of supervised release, and ordered to pay \$21,500 in restitution.
AL	BL/DL/ RRF	DHS/OIG, DOL/OIG	Individuals made multiple false statements and obtained multiple PPP loans, totaling over \$500,000, and one RRF loan for over \$410,000.	Individual 1 was sentenced to 60 months of probation. Individual 2 was sentenced to 24 months of probation. Individual 3 was sentenced to 12 months of probation. Individual 4 was sentenced to 12 months of probation. In total, individuals were ordered to pay over \$1.8 million in restitution.
FL	BL	USSS	Individual submitted false and fraudulent PPP applications and received over \$300,000 in loans.	Individual was sentenced to 42 months of incarceration, 5 years of supervised release, and ordered to pay \$306,415 in restitution.
GA	DL	FBI	As part of a fraud scheme, individual submitted more than three fraudulent loan applications and obtained over \$310,000 in CARES Act funds.	Individual was sentenced to 24 months of incarceration, 1 year of supervised release, and ordered to pay \$310,400 in restitution.
CA	BL	FBI, FDIC/OIG TIGTA	Individual stole PII to apply and receive over 70 fraudulent PPP and EIDL disbursements totaling over \$4 million. Individual used the funds to purchase lavish vehicles and homes.	Individual was sentenced to 41 months of incarceration, 5 years of supervised release, and ordered to pay over \$1.1 million in restitution.
CO	DL/BL	FBI	Individual submitted false and fraudulent PPP applications and received over \$120,000 in loans.	Individual was sentenced to 24 months of incarceration, 3 years of supervised release, and ordered to pay \$122,300 in restitution.
OR	BL/DL/ RRF	FBI, TIGTA	As part of a fraud scheme, individual attempted to obtain over \$170 million from the SBA EIDL, PPP, and RRF programs, with approximately \$11.5 million in funded loans.	Individual was sentenced to 70 months of incarceration, 3 years of supervised release, and ordered to pay over \$10.5 million in restitution.
OR	DL	FBI	Individual created fraudulent documents, businesses, and false identities in an attempt to receive over \$170,000 in loans.	Individual was sentenced to 5 years of probation and ordered to pay \$31,302 in restitution.
FL	BL	FDIC/OIG, FBI	Individual conspired with others, submitted false statements, and fraudulently applied for 80 PPP loans, resulting in over \$17 million in disbursements.	Individual was sentenced to 120 months of incarceration, 3 years of supervised release, and ordered to pay over \$2.5 million in restitution.
OR	BL/DL	FBI	Individual made multiple false statements in an attempt to obtain multiple PPP and EIDLs totaling over \$100,000.	Individual was sentenced to 54 months of incarceration, 5 years of supervised release, and ordered to pay \$102,736 in restitution.

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
CA	DL	USPIS, ICE, DHS/HSI	Individual made multiple false statements in an attempt to obtain an EIDL over \$3 million. Individual used the proceeds to purchase jewelry, watches, precious metals and stones.	Individual was sentenced to 51 months of incarceration, 5 years of supervised release, and ordered to pay over \$3.1 million in restitution.
GA	DL	FBI	As part of a fraud scheme, individual submitted fraudulent EIDL applications and obtained over \$425,000 in CARES Act funds.	Individual was sentenced to 27 months of incarceration, 2 years of supervised release, and ordered to pay \$429,200 in restitution.
NC	DL/BL	USSS	As part of a fraud scheme, individual submitted fraudulent PPP applications and obtained over \$2 million in CARES Act funds.	Individual was sentenced to 41 months of incarceration, 3 years of supervised release, and ordered to pay over \$2 million in restitution.
NC	BL	FBI, DHS/OIG, IRS/CI	Individual created fraudulent documents and received over \$460,000 in EIDLs.	Individual was sentenced to 24 months of incarceration, 3 years of supervised release, and ordered to pay \$465,796 in restitution.
NY	BL	FBI, FDIC/OIG, DHS/OIG	Individuals created fictitious bank referral fees in connection with SBA guaranteed loans that were later deposited into a slush fund.	Individual 1 was sentenced to 14 months of incarceration and 3 years of supervised release. Individual 2 was sentenced 1 year of probation. In total, individuals were ordered to pay over \$2.2 million in restitution.

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
GA	DL/BL	FBI, TIGTA	Individuals made fraudulent material misrepresentations to a financial institution and received PPP and EIDL disbursements totaling over \$4 million. Individuals used the funds to purchase lavish vehicles, jewelry, and vacations.	<p>Individual 1 was sentenced to 18 months of incarceration and 3 years of supervised release.</p> <p>Individual 2 was sentenced to 46 months of incarceration and 3 years of supervised release.</p> <p>Individual 3 was sentenced to 3 months of incarceration and 3 years of supervised release.</p> <p>Individual 4 was sentenced to 12 months of incarceration and 3 years of supervised release.</p> <p>Individual 5 was sentenced to 15 months of incarceration and 3 years of supervised release.</p> <p>Individual 6 was sentenced to 17 months of incarceration and 2 years of supervised release.</p> <p>Individual 7 was sentenced to 4 months of incarceration and 2 years of supervised release.</p> <p>Individual 8 was sentenced to 70 months of incarceration and 5 years of supervised release.</p> <p>Individual 9 was sentenced to 15 months of incarceration and 3 years of supervised release.</p> <p>Individual 10 was sentenced to 21 months if incarceration and 3 years of supervised release.</p> <p>In total, the individuals were ordered to pay over \$4.2 million in restitution.</p>
VA	DL	FBI, IRS/CI	As part of a fraud scheme, individual submitted over 50 fraudulent EIDL applications and obtained over \$500,000 in CARES Act funds.	Individual was sentenced to 20 months of incarceration, 3 years of supervised release, and ordered to pay over \$2.6 million in restitution.
FL	BL	FBI, DOI/OIG, USSS, VA/OIG	Individual defrauded the government of over \$2.6 million in obligated PPP funds.	Individual was sentenced to 40 months of incarceration, 3 years of supervised release, and ordered to pay over \$2.6 million in restitution.

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
TN	GC	DHS/HSI, TIGTA	Individuals participated in a fraud scheme and conspired to operate companies with owners who qualified as socially and economically disadvantaged individuals and service-disabled veterans; the individuals did not actually control the companies.	Individual 1 was sentenced to 24 months of incarceration and 1 year of supervised release.  Individual 2 was sentenced to 48 months of incarceration 1 year of supervised release and ordered to pay over \$24.9 million in restitution.
CA	BL	FBI	Individual made false statements and fraudulently applied for eight PPP forgivable loans guaranteed by SBA under the CARES Act totaling more than \$3.8 million.	Individual was sentenced to 48 months of incarceration, 3 years of supervised release, and ordered to pay over \$3.4 million in restitution.
UT	GC	FBI, FDIC/OIG	Individuals falsified information provided to SBA during a protest of the Army contract. Individuals misrepresented information provided to the SBA's HUBZone program, which allowed them to remain qualified as a HUBZone business for award of a contract. The company was paid a total of \$93 million in performance of the 5-year Army contract.	Individual 1 was sentenced to 60 months of incarceration and 3 years of supervised release.  Individual 2 was sentenced to 60 months of incarceration and 3 years of supervised release.  In total, the individuals were ordered to pay \$5 million in restitution.
TX	BL	FDIC/OIG, TIGTA	Individual made material misrepresentations to a financial institution and filed 12 fraudulent loan applications, seeking more than \$2.5 million in PPP forgivable loans. The individuals used the loans for lavish personal purchases.	Individual was sentenced 60 months of incarceration, 3 years of supervised release, and ordered to pay over \$2.5 million in restitution.
CT	BL	FBI, IRS/CI	Individual submitted five fraudulent PPP applications and received over \$2.8 million. As a further part of the fraud scheme, individual purchased various personal expenses: a Porsche Panamera Turbo, Mercedes, and BMW.	Individual was sentenced to 42 months of incarceration, 3 years of supervised release, and ordered to pay over \$1.7 million in restitution.
TX	GC	GSA/OIG, VA/OIG, Army/CID	Individuals participated in a fraud scheme and conspired to operate companies with straw owners who qualified as socially and economically disadvantaged individuals and service-disabled veterans; the individuals did not actually control the companies.	Individual 1 was sentenced 27 months of incarceration and 5 years of supervised release.  Individual 2 was sentenced 2 years of probation.  In total, the individuals were ordered to pay over \$1.7 million in restitution.
NV	BL	FBI	Individual made multiple false statements and attempted to obtain multiple PPP loans totaling over \$2.5 million.	Individual was sentenced 60 months of incarceration, 3 years of supervised release, and ordered to pay over \$2.5 million in restitution.

Note: The following lists define the program codes for legal actions and the abbreviations in the table.

**Legal Actions Summary Program Codes**

BL	=	Business Loans
DL	=	Disaster Loans
GC	=	Government Contracting and Section 8(a) Business Development

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RRF	=	Restaurant Revitalization Fund
IA	=	Internal Affairs
OT	=	Other

### Joint Investigation Agency Acronyms

Defense Criminal Investigative Service (DCIS)  
Department of Commerce Office of Inspector General (DOC/OIG)  
Department of Energy Office of Inspector General (DOE/OIG)  
Department of Health and Human Services Office of Inspector General (HHS/OIG)  
Department of Homeland Security Homeland Security Investigations (DHS/HSI)  
Department of Homeland Security Immigration and Customs Enforcement (DHS/ICE)  
Department of Homeland Security Office of Inspector General (DHS/OIG)  
Department of Justice Office of Inspector General (DOJ/OIG)  
Department of Justice Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)  
Department of Justice Money Laundering & Asset Recovery Section (MLARS)  
Department of State Office of Inspector General (DOS/OIG)  
Department of Transportation Office of Inspector General (DOT/OIG)  
Department of Treasury Inspector General for Tax Administration (TIGTA)  
Department of Treasury Special Inspector General for the Troubled Asset Relief Program (SIGTARP)  
Department of Veterans Affairs Office of Inspector General (VA/OIG)  
Federal Bureau of Investigation (FBI)  
Federal Deposit Insurance Corporation Office of Inspector General (FDIC/OIG)  
Federal Housing Finance Agency Office of Inspector General (FHFA/OIG)  
Federal Reserve Board Office of Inspector General (FRB/OIG)  
General Services Administration Office of Inspector General (GSA/OIG)  
Internal Revenue Service – Criminal Investigation (IRS/CI)  
National Aeronautics and Space Administration Office of Inspector General (NASA/OIG)  
State of California Employment Development Department (State of CA/EDD)  
United States Airforce Office of Special Investigations (AFOSI)  
United States Army/Criminal Investigation Division (Army/CID)  
United States Department of Agriculture Office of Inspector General (USDA/OIG)  
United States Naval Criminal Investigative Service (NCIS)  
United States Postal Inspection Service (USPIS)  
United States Secret Service (USSS)

## Appendix F: Cosponsored and Other Activities

SBA's authorization to cosponsor events requires OIG to report to Congress on the Administrator's use of that authority semiannually. The following list of activities was provided by the SBA Office of Strategic Alliances.

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Disaster Preparedness Campaign	HQ/Office of Disaster Assistance — Insurance Institute for Business & Home Safety, Triple-I	Virtual/Nationwide	November 8, 2022
Finance Boot Camp for Women Entrepreneurs	Buffalo DO — NAWBO Buffalo Niagara, Inc.	Buffalo, NY	December 5, 2022
SBA Connecticut District Office Annual Meeting and Lenders Awards	Connecticut DO — Hartford Business Journal & New Haven Biz	Hartford, CT	December 5, 2022
2023 Nevada Small Business Awards	Nevada DO — Nevada Asian American Pacific Islander Chamber of Commerce	Las Vegas, NV	December 5, 2022
T.H.R.I.V.E — Emerging Leaders Reimagined Graduation Event	Maine DO — Bangor Savings Bank	Augusta, ME	January 10, 2023
Contracting, Financing and Small Business Outreach Events	Hawaii DO — Honolulu Minority Business Development Center aka Honolulu Minority Business Center UHM Shidler College of Business, State of Hawaii Department of Transportation, Office of Civil Rights Disadvantaged Business Enterprise	Hawaii Statewide	January 13, 2023
Government Procurement Training Series FY 2023	North Dakota DO — North Dakota Small Business Development Center, host of Procurement Technical Assistance Center, and the University of North Dakota	Virtual, North Dakota Statewide	January 13, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — Pacific Gas and Electric Company	Virtual/Nationwide	January 13, 2023
Commercial Outlook for 2023: Kicking Off the New Year with Key Economic Insight for Businesses, Banks, and International Trade	Office of International Trade — Bankers Association for Finance and Trade	Virtual	January 18, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — TriNet USA Inc.	Virtual/Nationwide	January 18, 2023
Growing Your Business Lunch & Learn with BBB and SBA Arkansas	Arkansas DO — Better Business Bureau of Arkansas Education Foundation Inc.	Virtual	January 18, 2023
Jumpstart 2023 — SBA & BBB Resources for Black Business Owners, Entrepreneurs, & Allies	Minnesota DO — Better Business Bureau of Minnesota and North Dakota	Virtual	January 18, 2023

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Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Black History Month Lunch with Lenders	Vermont DO — Champlain Valley Office of Economic Opportunity, Vermont Small Business Development Center	Winooski, VT	January 22, 2023
AANHPI Economic Summits	HQ/Office of Field Operations — U.S. Department of Health and Human Services Office of Small and Disadvantaged Business Utilization, National Asian & Pacific Islander American Chamber of Commerce & Entrepreneurship	Nationwide	January 23, 2023
AANHPI Economic Summits	HQ/Office of Field Operations — City of Philadelphia	Nationwide	January 25, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — VISA U.S.A.	Virtual/Nationwide	January 30, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — Worldpay by FIS	Virtual/Nationwide	January 30, 2023
ChallengeHer Campaign	HQ/Office of Government Contracting — Women Impacting Public Polic, Inc., American Express Travel Related Services Company Inc.	Virtual	January 31, 2023
Export Promotion Webinar Series	HQ/Office of International Trade — Getting-to-Global Inc.	Virtual	February 2, 2023
2023 Black History Month Access to Capital Matchmaker and Stakeholders Roundtable	Massachusetts DO — Roxbury Community College, Massachusetts Restaurant Association	Roxbury Crossing, MA	February 2, 2023
6th Annual Mentor Protege Conference	HQ/Office of Government Contracting — American Small Business Alliance Inc.	Arlington, VA	February 2, 2023
AANHPI Economic Summits	HQ/Office of Field Operations — U.S. Department of Treasury	Nationwide	February 3, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — T-Mobile USA Inc.	Virtual/Nationwide	February 7, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — ADP	Virtual/Nationwide	February 7, 2023
Information is Power Workshop Series	Washington Metropolitan Area DO — Maryland Black Chamber of Commerce	Virtual, Prince George's County, Montgomery County, MD	February 15, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — Amazon.com Services LLC	Virtual/Nationwide	February 16, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — Constant Contact Inc.	Virtual/Nationwide	February 16, 2023

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Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Women’s Business Summit	HQ/Office of Women’s Business Ownership — Nasdaq Entrepreneurial Center	Virtual	February 16, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison – Block Inc.	Virtual/Nationwide	February 23, 2023
2023 Kansas Suppliers Conference	Wichita DO — Wichita State University, on behalf of its WSU Strategic Initiatives; Kansas Small Business Development Center; Kansas Procurement Technical Assistance Center; City of Wichita Purchasing Office; Wichita Regional Chamber of Commerce; Sedgwick County Purchasing Division; SCORE Wichita Chapter 0143; Evergy Inc.; Stryv Bank; Textron Aviation; Wichita Public Schools (USD 259) Operations Division; Kansas Department of Commerce Office of Minority and Women Business Development; Swindoll, Janzen, Hawk & Loyd LLC; Bank of America; Institute for Supply Management; Wichita Chapter; St. Louis Veterans Business Resource Center	Wichita, KS	February 23, 2023
Make Me Bankable Program	Illinois DO, Springfield BO — Operation HOPE Inc., Southern Illinois University Research Park, Black Business Alliance Peoria Chapter (dba Minority Business Development Center), Decatur Regional Chamber of Commerce, Macedonia Development Corporation, Spoon River College	East St. Louis, IL; Carbondale, IL; Peoria, IL; Bloomington, IL; Decatur, IL; Havana, IL	February 23, 2023
Export Promotion Outreach Collaboration	HQ/Office of International Trade — NASBITE International	Virtual	February 27, 2023
SBA Connecticut Celebrates National Small Business Week	Connecticut DO — Connecticut Business and Industry Association	Hartford, CT	February 28, 2023
NH Small Business Matchmaker	New Hampshire DO — NH Small Business Development Center, NH APEX Accelerator (formerly NH PTAC)	Manchester, NH	February 28, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — Zebra Technologies	Virtual/Nationwide	March 2, 2023
AANHPI Economic Summits	HQ/Office of Field Operations — City of Seattle	Nationwide	March 3, 2023
Woostapreneurs Forum	Massachusetts DO — Worcester Area Chamber of Commerce	Worcester, MA	March 7, 2023



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Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Asset Based Lending Webinar Series	HQ/Office of International Trade — Secured Finance Network	Virtual	March 10, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — Google LLC	Virtual/Nationwide	March 13, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — Microsoft Corp.	Virtual/Nationwide	March 15, 2023
National Small Business Week 2023	HQ/Office of Communications and Public Liaison — Pie Insurance Services	Virtual/Nationwide	March 15, 2023
Maine 2023 NSBW Award Event	Maine DO — Coastal Enterprises Inc., CEI Women’s Business Center South	Freeport, ME	March 22, 2023
Indian Diaspora Focused Event	HQ/Office of International Trade — Hindu Society of North Carolina	Raleigh, NC	March 22, 2023
2023 SBA West Virginia Small Business Week Awards Luncheon	West Virginia DO — Bank of Charles Town, Citizens Bank of West Virginia, Community Trust Bank, MVB Financial Corp., The Huntington National Bank	Fairmont, WV	March 23, 2023
37th Maryland Small Business Week Awards Luncheon	Baltimore DO — Maryland Small Business Week Awards Program Inc.	Woodlawn, MD	March 29, 2023

## Appendix G: External Peer Reviews

Section 5(a) of the IG Act requires OIGs to report peer review results in their semiannual reports to Congress. The following information is provided in accordance with these requirements.

### Audits Division

The *Government Auditing Standards*, or Yellow Book, issued by the Comptroller General of the United States requires that audit organizations performing audits and attestation engagements in accordance with the Yellow Book must have an external peer review performed by reviewers independent of the audit organization being reviewed at least once every 3 years. OIG's Audits Division was reviewed by the National Science Foundation OIG for the period ending March 31, 2021. SBA OIG received a peer review rating of pass.

Similarly, the Council of the Inspectors General on Integrity and Efficiency requires that organizations that conduct inspections and evaluations under the *Quality Standards for Inspection and Evaluation*, or Blue Book, must have an external peer review at least once every 3 years. During FY 2020, our Audits Division underwent a Blue Book peer review conducted by the Department of Justice OIG. OIG generally met Blue Book standards.

### Investigations Division

Section 6(e)(7) of the IG Act, Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority, and the CIGIE *Quality Standards for Investigations* require external peer reviews of OIG investigative functions be conducted every 3 years.

In September 2017, FDIC OIG reviewed our Investigations Division and issued a final report on December 19, 2017. FDIC OIG found that the system of internal safeguards and management procedures for the investigative function of OIG complied with the quality standards established by CIGIE and the applicable Attorney General's Guidelines. No recommendations were offered.

## Appendix H: Office of Inspector General Reporting Requirements

Under the Inspector General Act of 1978, as amended, OIG provides independent, objective oversight to improve the integrity, accountability, and performance of SBA and its programs for the benefit of the American people.

Although SBA’s programs are essential to strengthening America’s economy, the agency faces several challenges in carrying out its mission. Access our annual report of the agency’s top management and performance challenges on our OIG Reports web page.

OIG plays a critical role in addressing these and other challenges by conducting audits to identify wasteful expenditures and program mismanagement; investigating fraud and other wrongdoing; and taking other actions to deter and detect waste, fraud, abuse, and inefficiencies in SBA programs and operations.

OIG’s activities also help to ensure that SBA employees possess a high level of integrity. This is critical to the proper administration of SBA’s programs because it helps ensure SBA resources are used by those who need them the most. Copies of OIG reports and other products are available at our OIG Reports web page.

### Reporting Requirements in the Inspector General Act of 1978, As Amended

Section	Reporting Requirement	Location
4(a)(2)	Review of legislation and regulations	Other Significant OIG Activities
5(a)(1)	Significant problems, abuses, and deficiencies	Throughout
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	Significant Recommendations from This Reporting Period
5(a)(3)	Prior significant recommendations on which corrective action has not been completed	Significant Recommendations from Prior Reporting Periods Without Final Action as of September 30, 2019
5(a)(4)	Matters referred to prosecutive authorities	Legal Actions Summary
5(a)(5)	Instances in which requested information was refused	N/A
5(a)(6)	List of audit, inspection, and evaluation reports	Reports Issued; Reports with Questioned Costs
5(a)(7)	Significant reports	Throughout
5(a)(8)	Audit, inspection, and evaluation statistical tables	Statistical Highlights
5(a)(9)	Audit, inspection, and evaluation reports with recommendations that funds be put to better use	Reports with Recommendations That Funds Be Put to Better Use

Section	Reporting Requirement	Location
5(a)(10)	Audit, inspection, and evaluation reports without management decision, without comment within 60 days, or with unimplemented recommendations	Reports from Prior Periods with Overdue Management Decisions; Reports from Prior Periods with Open Recommendations as of September 30, 2019
5(a)(11)	Revised management decisions	Significant Revised Management Decisions
5(a)(12)	Management decisions with which the Inspector General disagrees	Significant Management Decisions with Which OIG Disagrees
5(a)(13)	Information described under section 05(b) of the Federal Financial Management Improvement Act of 1996	Federal Financial Management Improvement Act
5(a)(14)–(16)	Peer review results	External Peer Reviews
5(a)(17),(18)	Investigative statistical tables and supporting metrics	Investigations Reporting Statistics
5(a)(19)	Investigations involving a senior government employee where allegations of misconduct were substantiated	Investigations Involving a Senior Government Employee Where Misconduct Was Substantiated
5(a)(20)	Whistleblower retaliation	Whistleblower Retaliation Cases
5(a)(21)	Attempts to interfere with the independence of OIG	Instances of Interference
5(a)(22)	Each closed inspection, evaluation, and audit not disclosed to the public; each closed investigation involving a senior government employee not disclosed to the public	Investigations Involving a Senior Government Employee That Is Closed and Not Disclosed to the Public

## Make a Difference

To promote integrity, economy, and efficiency, we encourage you to report instances of fraud, waste, or mismanagement to the OIG Hotline.\*

Online: <https://www.sba.gov/oig/hotline>

Write or Visit:

U.S. Small Business Administration  
Office of Inspector General  
Investigations Division  
409 Third Street, SW (5th Floor)  
Washington, DC 20416

\*In accordance with Sections 7 and 8L(b)(2)(B) of the Inspector General's Act, confidentiality of a complainant's personally identifying information is mandatory, absent express consent by the complainant authorizing the release of such information.