

SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2024



Evaluation Report

Report 25-22

August 5, 2025



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NOTICE:

Pursuant to the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Public Law 117-263, Section 5274, any nongovernmental organizations, and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context as it relates to any specific reference contained herein. Comments must be submitted to AIGA@sba.gov within 30 days of the final report issuance date. We request that any comments be no longer than two pages, Section 508 compliant, and free from any proprietary or otherwise sensitive information. The comments may be appended to this report and posted on our public website.



U.S. Small Business Administration Office of Inspector General

EXECUTIVE SUMMARY

SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2024 (Report 25-22)

What OIG Reviewed

This report presents the results of our evaluation of the U.S. Small Business Administration's (SBA) handling of cash contributions and gifts for the period July 1, 2023 through July 31, 2024.

The objective of our evaluation was to determine whether SBA established sufficient controls over the solicitation, acceptance, holding, and use of cash contributions in accordance with the Small Business Act and appropriations requirements and complied with those controls.

The Small Business Act gives SBA the authority to receive and use cash contributions for activities or events with business, nonprofits, and other government entities. The fiscal year (FY) 2024 Consolidated Appropriations Act allowed SBA to receive cash gifts of up to \$4 million. Before the agency can accept a gift, the SBA Office of General Counsel must determine there is no existing conflict of interest. Under the law, SBA is required to maintain a separate bank account at the U.S. Department of the Treasury for cosponsorship funds.

What OIG Found

We determined SBA generally complied with established guidance over the solicitation, acceptance, holding, and use of cash contributions and gifts totaling \$520,000 during FY 2024 from National Small Business Week cosponsors.

However, we found SBA should improve its agency vetting form to show that each potential

cosponsor was clear of conflicts of interest concerns before agency officials signed cosponsorship agreements.

What OIG Recommended

As a result of our review, the SBA Office of Strategic Alliances took immediate actions to update the form used to vet conflicts of interest for cosponsors showing the Office of General Counsel's review and clearance of potential conflicts of interest for cosponsors. Therefore, we did not make any recommendations in this report.

Agency Response

SBA managers stated they were committed to reviewing program procedures to maintain consistency with agency policy.



**OFFICE OF INSPECTOR GENERAL
U.S. SMALL BUSINESS ADMINISTRATION**

MEMORANDUM

Date: August 5, 2025

To: Kelly Loeffler
Administrator

From: Sheldon Shoemaker
Deputy Inspector General

A handwritten signature in black ink that reads "Sheldon Shoemaker".

Subject: SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2024 (Report 25-22)

This report presents the results of our evaluation of *SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2024*. SBA management took immediate action to implement corrective actions while we conducted our review; therefore, we did not make any recommendations in this report. Even though we did not make any recommendations, management responded to the draft report, which we included in Appendix 2.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions, please contact me or Andrea Deadwyler, Assistant Inspector General for Audits, at (202) 205-6586.

cc: Bill Briggs, Deputy Administrator, Office of the Administrator
Wesley Coopersmith, Chief of Staff, Office of the Administrator
Ben Grayson, Deputy Chief of Staff, Office of the Administrator
Robin Wright, Chief Operating Officer, Office of the Administrator
Wendell Davis, General Counsel, Office of General Counsel
Robby Wehagen III, Associate Administrator, Office of Congressional and Legislative Affairs
Caitlin O'Dea, Associate Administrator, Office of Communications and Public Liaison
Michael Joyce, Deputy Associate Administrator, Office of Communications and Public Liaison
Nathan Davis, Chief Financial Officer and Chief Risk Officer, Office of Performance, Planning, and the Chief Financial Officer
Deborah Chen, Deputy Chief Financial Officer, Office of Performance, Planning, and the Chief Financial Officer
Anna Maria Calcagno, Director, Office of Strategic Management and Enterprise Integrity
Alex H. Wilson, Senior Policy Advisor, Enterprise Risk Management
Michael Simmons, Attorney Advisor, Office of General Counsel

Contents

Introduction	1
Background	1
Objective	2
Results	2
Finding 1: SBA Complied With Solicitation, Acceptance, and Use of Cash Gifts.....	3
Finding 2: SBA Needs to Improve its Documentation of Vetting Cosponsors With Potential Conflicts of Interest.....	3

Table

1: Fiscal Agent’s Summary of Results for NSBW as of July 31, 2024.....	3
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Figure

1: Six-Step Vetting Process to Clear Conflicts of Interest	2
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Appendices

1: Scope and Methodology	1-1
2: Agency Response.....	2-1

Introduction

This report represents the results of our evaluation of the U.S. Small Business Administration's (SBA) handling of cash contributions and gifts for the period starting July 1, 2023 and ending July 31, 2024. The Small Business Act authorizes SBA to cosponsor events.¹ Congress authorized SBA to receive up to \$4 million in cash gifts and maintain a separate trust fund account at the U.S. Department of the Treasury for cosponsorship contributions.²

Background

SBA can accept cash contributions and gifts from for profit, nonprofit, and other government entities to benefit small businesses. The only activity for this review period relates to cash contributions for National Small Business Week (NSBW) 2024, an annual event that recognizes entrepreneurs and small business owners hard work, ingenuity, and dedication. Cash contributions for the NSBW came from cosponsors who provided funds by check or electronic transfers to the event's designated fiscal agent. The fiscal agent, also a cosponsor, is responsible for collecting, managing, and spending each cosponsor's cash contribution. At the end of each cosponsored event, the fiscal agent is required to provide SBA with complete reconciliation of the cash received and expenses paid.

The cosponsors agree that the fiscal agent may retain up to \$125,000 of the excess amount in the NSBW account to use for future business week events. SBA's Office of Strategic Alliances coordinates, develops, and implements the agency's oversight of its cosponsored activities. The Office of Strategic Alliances initiates the vetting process to ensure cosponsors do not have a conflict of interest. Agency policy directs multiple SBA program offices to conduct research and provide information regarding any relationships with cosponsors that could potentially create conflicts of interest.

Agency policy identifies certain relationships as potential conflicts of interest. For example, the agency considers cosponsors having contracts with the agency a potential conflict of interest. Certain lenders are prohibited sources for cosponsors while other lenders are evaluated for conflicts of interest on a case-by-case basis. When program officials identify potential conflicts of interest, they are required to make a referral on an agency vetting form. Then, the Office of

¹ Small Business Act. 15 U.S. Code § 637(b)(1) and § 648(a)(3)(C) (January 2023).

² Consolidated Appropriations Act, 2023. Pub. L. No. 117-328 (December 29, 2022); Further Consolidated Appropriations Act, 2024. Pub. L. No. 118-47 (March 23, 2024).

Strategic Alliances collaborates with the Office of General Counsel to conduct a review of the relationship cited by the program office to advise on the matter (see Figure 1, step 5). Once cleared of conflict of interest, the Office of Strategic Alliances proceeds to approve the cosponsorship agreement. Figure 1 below outlines the agency’s vetting process.

Figure 1: Six-Step Vetting Process to Clear Conflicts of Interest



Source: OIG generated from SBA process described in SBA’s Standard Operating Procedure 90 75 5, Outreach Activities and Agreements, effective January 2021

Objective

Our objective was to determine whether SBA established sufficient controls over the solicitation, acceptance, holding, and use of cash contributions and gifts and complied with these controls in accordance with the Small Business Act and appropriations requirements.

Results

SBA generally complied with laws, regulations, and agency policies that govern the solicitation, acceptance, and use of cash gifts. SBA received \$520,000 in cash contributions from 15 donors and spent \$529,400.76 in cosponsorship funds to support the 2024 NSBW event (see Table 1). To cover the expenditures that exceed the cash contributions received for the event, the fiscal agent used approximately \$9,401 from the \$125,000 beginning balance, consistent with the

FY 2024 NSBW Master Agreement. We found SBA used cash gifts and contributions consistent with applicable law.

We also found SBA needed to improve its documentation of determinations and approval of cosponsors using the agency vetting form when program offices identify a relationship that appears to cause a conflict of interest.

Finding 1: SBA Complied With Solicitation, Acceptance, and Use of Cash Gifts

SBA generally complied with laws, regulations, and policies that govern the solicitation, acceptance, and use of cash gifts and contributions totaling \$520,000 from 15 cosponsors. Our review showed the Office of Strategic Alliances vetted cosponsors and the Office of General Counsel cleared all 15 entities of conflicts of interest with SBA. In its Cosponsored Activity Final Report submission to OIG, SBA included July's in-transit deposits and expenses. SBA received cash contributions totaling \$520,000 and expenditures amounting to about \$529,401, exceeding the cash contributions received by about \$9,401. As a result, there were no excess funds transferred to the Business Assistance Trust Fund (BATF) account for future use. We summarized the fiscal agent reported ending balances in Table 1.

Table 1: Fiscal Agent's Summary of Results for NSBW as of July 31, 2024

Total Cash Contributions	Total Expenses	Funds to Transfer to BATF
\$520,000	\$529,400.76	\$(9,400.76)

Source: Fiscal agent general ledger and SBA Form 2299, Cosponsored Activity Final Report. We also considered the in-transit deposits and expenses for July 2024 that SBA included in its final closure package on August 1, 2024

Since the cosponsorship account revolves throughout the year, our review considered the fiscal agent's reporting posted in the agency's closure package. We verified that the agency spent the funds on trophies, awards, conference space, and catering to promote the NSBW event.

Finding 2: SBA Needs to Improve its Documentation of Vetting Cosponsors With Potential Conflicts of Interest

We found SBA needed to improve its documentation to show cosponsors were clear of conflicts of interest before the agency accepted their contributions. The vetting forms for 10 of the 15

NSBW cosponsors that we reviewed did not have a conflict of interest identified during the vetting process. However, the vetting forms for 5 of 15 cosponsors contained referrals indicating a possible or apparent conflict of interest. For instance, program offices identified that one of the cosponsors was a lender participating in the 7(a) program. Another program office identified that a cosponsor was an SBA “cloud storage service provider.” Similarly, program offices described another cosponsor as a limited partner of an applicant of SBA’s Small Business Investment Company program. However, SBA still approved these cosponsorship agreements.

We later verified SBA’s Office of General Counsel documented that cosponsors were cleared of conflicts of interest with the agency.

Agency policy provides guidance on when program offices should consider making a conflict of interest referral to the Office of General Counsel. The policy states, “when considering the proposed solicitation of a bank for a donation, the Office of General Counsel will determine whether the bank’s performance as an SBA lender creates special circumstances which might give rise to the appearance of a conflict of interest.”³ Similarly, agency policy directs the Office of General Counsel to consider, when making a conflict of interest determination, the influence a donor who is also an SBA contractor could have over the program that is soliciting or accepting a donation.

As a result of our review, Office of Strategic Alliances officials took prompt action to update the agency’s form used to vet cosponsors to include the Office of General Counsel’s clearance of previous referrals that indicated possible or apparent conflicts of interests. As a result, we did not include any recommendations.

³ SBA Standard Operating Procedure 90 53, Gifts to the Agency, provides several examples or scenarios for program officials’ consideration in review of conflicts of interest.

Appendix 1: Scope and Methodology

This report presents the results of our review of the U.S. Small Business Administration's (SBA) controls over cash contributions and gifts, fiscal year 2024. Our objective was to determine whether SBA established sufficient controls over the solicitation, acceptance, holding, and use of cash contributions and gifts and complied with these controls in accordance with the Small Business Act and appropriation requirements. We did not test holdings because the agency did not receive gifts other than cash gifts during this review period. Our review period covered transactions from July 1, 2023 to July 31, 2024.

To meet our objective, we reviewed SBA's standard operating procedures 90 75 5, Outreach Activities and Agreements, and 90 53, Gifts to the Agency, to address internal controls regarding the solicitation, acceptance, holding, and use of cash contributions from donors. We used a combination of the procedures along with 13 CFR part 106 provisions that govern cosponsored activities as established criteria to test the SBA's compliance with the requirements. We tested agency internal controls established to comply with federal laws, regulations, and SBA policies regarding the solicitation, acceptance, and use of cash contributions for 2024 National Small Business Week. Our testing procedures included reconciliation of the funds received and expended with supporting documentation that included general ledger account activities, invoices, receipts, and bank statements. For the period ending June 30, 2024, SBA reported \$510,000 cash gifts along with \$484,400.76 total expenditures resulting in \$25,600.24 excess funds to the Business Assistance Trust Fund account. To verify whether the agency used cash gifts as intended, we selected 19 transactions totaling \$368,347, or 70 percent of the \$529,400.76 in total expenditures from all five (Montana, Wisconsin, New Hampshire, Colorado, and Washington, D.C.) locations of which the agency held its 2024 National Small Business Week events. We verified that SBA's offices of Strategic Alliances and General Counsel cooperated to approve the solicitation, acceptance, and use of cash contributions from cosponsoring entities, and that the Office of General Counsel cleared cosponsors of conflicts of interest.

We performed this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. These standards require that we adequately plan and perform the evaluation to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our objective.

Use of Computer-Processed Data

We relied on the data prepared and provided by SBA program offices as well as reports generated from SBA's Joint Administrative Accounting Management System. SBA identified the entities who donated cash contributions. In addition, SBA provided fiscal agent's recordings of deposits and expenditures along with supporting invoices, receipts, and bank statements. We reconciled cash donated with bank statements and expenditures with corresponding invoices and receipts. We believe the information is reliable for the purposes of this evaluation.

Prior Audit Coverage

The following lists the Office of Inspector General's most recent audit coverage related to the objective of this report:

Report Number	Report Title	Report Date
OIG Report 24-05	SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2023	February 20, 2024
OIG Report 23-06	SBA's Controls Over Cash Contributions and Gifts, Fiscal Years 2023 and 2022	April 27, 2023
OIG Report 23-04	SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2022	December 19, 2022
OIG Report 22-14	SBA's Controls Over Cash Contributions and Gifts, Fiscal Years 2022 and 2021	June 15, 2022
OIG Report 21-10	SBA's Controls Over Cash Contributions and Gifts, Fiscal Years 2019-20	March 25, 2021

Appendix 2: Agency Response

U.S. Small Business Administration

Response to Report



U.S. Small Business
Administration

OCPL

2024 Cash Contributions and Gifts-Project 24015

Date: July 22, 2025

To: Shoemaker, Sheldon, Deputy Inspector General, Office of Inspector General

From: Caitlin O'Dea, Associate Administrator, Office of Communications and Public Liaison

CAITLIN O'DEA

Digitally signed by CAITLIN O'DEA
Date: 2025.07.22 10:15:48 -04'00'

Subject: Response to OIG Draft Report titled, SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2024 (Project Number 24015)

Thank you for providing the Office of Communications and Public Liaison (OCPL) with the opportunity to respond to OIG's Draft Report titled, SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2024 (Project Number 24015).

We are pleased to have successfully resolved the issue identified in the OIG audit report.

Your professionalism and expertise have been invaluable to us. We appreciate your dedication to ensuring a thorough and fair audit.

SBA will continue to review procedures to maintain consistency with agency policy.