

Semiannual Report to Congress

October 1, 2025 – March 31, 2026



Message From the Inspector General

April 30, 2026



*Inspector General
William W. Kirk*

I am pleased to present the U.S. Small Business Administration (SBA) Office of Inspector General’s (OIG) Spring 2026 *Semiannual Report to Congress*. This report summarizes OIG’s activities from October 1, 2025 through March 31, 2026. As an independent watchdog for the American taxpayer, our ongoing oversight work has identified hundreds of billions of dollars in funds at risk or paid to ineligible borrowers, ensuring strict accountability across all SBA programs.

While we maintain our aggressive pursuit of pandemic-era fraud, we are strategically refocusing our oversight on the SBA's flagship initiatives to root out fraud in the programs that fuel America's small businesses. We are aligning our resources to fully support the agency’s “zero tolerance” stance on fraud. Our current efforts are focused on combating fraud, holding wrongdoers accountable, and safeguarding the integrity of the vital resources meant for legitimate entrepreneurs.

Simultaneously, our law enforcement efforts have intensified to bring remaining pandemic aid fraudsters to justice. We are concentrating on complex criminal schemes involving the Shuttered Venue Operators Grant and the Restaurant Revitalization Fund. Taxpayers rightfully expect us to recover stolen funds, and our agents are working tirelessly to uncover abuses and return money to the U.S. Treasury.

Collaboration remains essential in accomplishing our mission. With the launch of the Administration’s Task Force to Eliminate Fraud and the U.S. Department of Justice's creation of its National Fraud Enforcement Division — which is establishing the first-of-its-kind National Fraud Detection Center — we are amplifying our enforcement posture alongside our partners. By leveraging strategic data-sharing agreements with federal agencies and across the inspector general community, we are breaking down silos to aggressively intercept stolen federal funds.

Our Work this Period

OIG continued to bring fraudsters to justice and provide a significant return on investment to American taxpayers. During the 6-month period from October 2025 through March 2026, OIG issued 8 audit reports with 13 recommendations to improve SBA operations and mitigate fraud and unnecessary losses in agency programs. We questioned \$32 billion in costs from our oversight reviews. In addition, OIG investigations resulted in 83 indictments, 52 convictions, and over \$244 million in dollar accomplishments — bringing our total monetary accomplishments to about \$32.3 billion.

OIG Accomplishments this Period	
 Reports	8
 Recommendations	13
 Dollar Accomplishments	\$32.3B

Significant reviews and investigation findings this semiannual period:

- From August 2023 through June 2025, SBA rather than lenders assumed responsibility for determining applicants’ eligibility in its flagship 7(a) program, which provides working capital to eligible small businesses. In our [evaluation report](#), we found SBA did not screen for several major requirements, such as if the business was located in a foreign country. This led to the agency disbursing about \$32 billion in loans with limited assurance those borrowers were eligible. SBA's screening process was meant to mitigate risk to taxpayer funds but instead potentially opened the 7(a) program to more risk. The agency took corrective action and restored eligibility screening back to lenders in June 2025.
- A Pennsylvania father and son led a conspiracy to defraud taxpayers of \$11.5 million, receiving over 120 false Paycheck Protection Program loans and Economic Injury Disaster Loans. The four co-conspirators connected to the business were sentenced to 22 years total and ordered to make full restitution.
- The president of a Virginia 8(a) Business Development Program defense contracting firm was sentenced to 4 years and fined \$30,000 as part of a plea agreement. The defendant pled guilty to conspiracy for bribing a former civilian Department of Defense employee for access to government contracts in exchange for expensive meals and tickets to sporting events.
- In our audit of [SBA’s financial statements](#), the agency received its sixth consecutive disclaimer of opinion. A disclaimer means that an auditor was unable to obtain sufficient information to determine whether the organization’s financial statements were accurate.

Although SBA did not receive a clean audit opinion, it made significant progress by successfully remediating two material weaknesses and downgrading another to a significant deficiency.

The nation can depend on OIG to provide independent, objective, and timely oversight of SBA. OIG's engaged workforce will continue to give taxpayers a significant return on investment, rooting out fraud, waste, and abuse in SBA programs.

A handwritten signature in black ink that reads "Willi W.K.". The signature is written in a cursive, slightly slanted style.

William W. Kirk
Inspector General

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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.

SBA's Top Management and Performance Challenges

The U.S. Small Business Administration's (SBA) Office of Inspector General (OIG) is required to annually 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 Circular A-136.

The *Top Management and Performance Challenges Facing the Small Business Administration in Fiscal Year (FY) 2026* helps the agency prioritize its work to improve program performance and enhance operations. OIG remains committed to protecting the interests of American taxpayers by promoting positive change within SBA and across government.

Identification of an issue as a top challenge does not necessarily denote significant deficiencies or lack of attention on SBA's part. Many of the challenges are longstanding and inherently difficult.

You can find the FY 2026 report on [the SBA OIG website](#).

FISCAL YEAR 2026 CHALLENGES



Protecting the Integrity of SBA Programs

ISSUES

- Managing Fraud Risk
- Improving Verification of Eligibility
- Mitigating Improper Payments
- Seizure and Return of Funds



Managing SBA's Loan Portfolio and Participating Lenders

ISSUES

- Servicing Disaster Loans
- Planning and Modeling for Future Disaster Responses
- Overseeing Lenders



Measuring Performance and Monitoring SBA Programs

ISSUES

- Measuring Program Performance
- Monitoring Program Performance Results
- Ensuring Funds Are Used as Intended



Financial Reporting and Managing Data

ISSUES

- Improving Internal Controls Through Financial Statements
 - Audit Remediation
- Authorized Data Sharing



Managing Risks in IT Systems

ISSUES

- Improving Information Technology Systems Management
- Preparing for Artificial Intelligence Challenges
- Deploying and Monitoring New Third-Party Systems
- Cybersecurity and Modernization

Summary of OIG Oversight Work

Small Business Access to Capital

SBA provides qualifying small businesses with capital to start up or grow through several key programs that have the overall goal of strengthening the American economy. The agency has a financial assistance portfolio of guaranteed loans totaling about \$163 billion, as of June 2025.

The Section 7(a) loan program is SBA’s principal vehicle for providing small businesses with access to credit that cannot be obtained elsewhere. Recipients may use proceeds from a 7(a) loan to establish a new business or 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.

Criminals use a wide array of techniques to fraudulently get — or induce others to obtain — SBA-guaranteed loans. This includes 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, because of these criminal activities, 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.

The following summarizes our audit and investigative work this period.

Evaluations



SBA’s Screening of 7(a) Loan Applications Under Its Risk Mitigation Framework (Report 26-07)

We evaluated SBA’s new process to verify applicant data, called the Risk Mitigation Framework, in the 7(a) loan program. This was the first time in recent history that the agency, rather than lenders, was responsible for determining applicants’ eligibility. We found the agency did not screen for several major eligibility requirements, such as if the business was organized for profit or if it was an ineligible business type, for example, businesses located in a foreign country. SBA also did not check if the applicant businesses were categorized as small according to SBA size standards. The size standard is the number of employees established by SBA

for the industry in which the business operates. By statute, the 7(a) loan program is intended to be for small business owners.

We also reviewed 188 loans that were marked as having an eligibility error but were still cleared and disbursed. We found SBA did not maintain sufficient documentation to support the decision to clear 71 of those 188 loans we reviewed, totaling about \$60.7 million. During the review period, from August 1, 2023 to December 31, 2024, SBA disbursed 73,302 7(a) loans totaling about \$32 billion that it did not fully screen, so there is limited assurance these borrowers met eligibility. The framework was meant to mitigate risk to taxpayer funds but instead opened the 7(a) program to more risk. Starting June 1, 2025, the agency took corrective action and restored eligibility screening back to lenders.

We made a recommendation for SBA to flag the \$32 billion in loans for review to assess whether borrowers met all eligibility requirements and seek remedy for loans deemed ineligible. SBA managers agreed with the recommendation.

Access this [evaluation report](#) on the SBA OIG Reports site.



SBA's Awarding and Oversight of Small Business Investment Company Licenses (Report 26-08)

SBA oversees a program of professionally managed Small Business Investment Companies (SBIC) that provide small businesses with access to private equity capital and long-term debt financing. This allows the businesses to operate, expand, and modernize. The program's overall goal is to stimulate the U.S. economy. In 2023, SBA revised the program by adjusting minimum capital requirements and modifying the fee structure, making it easier for new fund managers to enter the program. It also allowed for greater flexibility in investment strategies and modified interest payments. The agency also introduced an expedited subsequent fund licensing process for existing licensees. From FY 2023 through FY 2024, the number of first-time SBIC license applicants increased from 33 to 127.

We found SBA established adequate SBIC licensing and oversight controls to provide reasonable assurance of compliance with regulatory and program requirements. We reviewed 4 license approvals, 1 license pending approval, and 3 examination reports from the 80 active SBICs licensed from October 1, 2022 through June 30, 2025 and found no material deficiencies or problem areas warranting additional review. We made no recommendations in this report.

Access this [evaluation report](#) on the SBA OIG Reports site.

Notable Investigations

For investigative cases involving the Coronavirus Disease 2019 (COVID-19) Economic Injury Disaster Loan (EIDL), another pandemic assistance program, see the [Disaster Assistance](#) investigations section.



Nineteen Defendants Sentenced in \$24 Million Fraud Scheme

A Pennsylvania man was sentenced to 69 months total and ordered to pay over \$2.2 million in restitution for a scheme to defraud the 7(a) loan program, EIDL, and Paycheck Protection Program (PPP), which included 19 defendants and over \$24 million in losses. The PPP was SBA's largest pandemic relief program, delivering about \$792 billion in guaranteed loans to help eligible small business owners weather the pandemic crisis. The man and his co-conspirators applied for these SBA loans on behalf of dormant companies or companies with limited business operations. In this elaborate kickback scheme, the man's co-conspirators made the businesses appear to be in operation by creating fake bank statements and tax forms.



North Dakota Man Convicted for Defrauding the Shuttered Venue Operators Grant Program

A North Dakota man was convicted on seven counts of wire and tax fraud for falsely applying for a \$1.4 million Shuttered Venue Operators Grant (SVOG). This program was intended to help those in the entertainment industry struggling to stay in business during the pandemic. He also received over \$41,000 in PPP loans using a false tax return reporting a 2019 gross income of \$3.1 million and artist fees of \$2.5 million, when in fact he received no income and paid no artist fees.



Florida Man Sentenced for Defrauding the Restaurant Revitalization Fund

A Florida man was sentenced to 48 months, ordered to pay \$1.1 million, and forfeit another \$1.1 million in connection with a scheme to defraud the Restaurant Revitalization Fund (RRF). This grant program was intended to help those in the restaurant industry struggling to stay in business during the pandemic. His restaurant was in the process of being constructed, so it was not open for business during the period of eligibility, when entrepreneurs were most

adversely affected by the economic downturn. The man instead used the RRF funds for personal expenses.



Former Nevada County Commissioner Indicted for Pandemic Relief Fraud

A former Nye County, Nevada commissioner was indicted by a federal grand jury on seven counts of wire fraud and money laundering for receiving more than \$500,000 in SBA program funds from the RFF, PPP, and EIDL. He allegedly inflated his restaurant's gross revenue, its average monthly payroll, and number of employees with false supporting documentation. He then transferred more than \$200,000 to personal investment accounts and invested \$25,000 in cryptocurrency.



Pennsylvania Father and Son Sentenced for \$11.5 Million Fraud Scheme

A Pennsylvania man, his son, and two other co-conspirators employed by their business were sentenced in an \$11.5 million fraud scheme that included 120 fraudulent PPP loans and EIDLs. In addition to being ordered to pay full restitution, the man was sentenced to 120 months, his son 96 months, and a third defendant 46 months. The fourth defendant was sentenced to 2 years of supervised release.



Former NYPD Detective Sentenced for His Role in Fraud Scheme

A former New York Police Department detective was sentenced to 2 years of supervised release and ordered to pay \$20,302 in restitution for his role in a scheme to defraud the PPP, exploiting taxpayer funds and the public trust to line his own pockets. Conspiring with others, including another former NYPD detective, the man prepared fictitious Internal Revenue Service documents supporting 65 individuals who submitted PPP loan applications containing false information.



Puerto Rico Man Sentenced in \$2.2 Million Fraud Ring

A Puerto Rico man was sentenced to 97 months and ordered to pay \$2.2 million in restitution for leading a pandemic assistance fraud ring that involved over 220 PPP loans. The man and his co-conspirators recruited others to submit hundreds of

fraudulent PPP and EIDL applications using false financial data and fabricated documents, including falsified tax forms. The man falsified payroll and income figures and monitored loan approval and disbursement. This fraud ring netted about \$5.9 million in PPP funds and \$3.1 million in EIDL funds.



Pennsylvania Man Sentenced for International Money Laundering

A Philadelphia, Pennsylvania man with ties to Nigeria was sentenced to 78 months incarceration for his role in an international fraud ring that stole taxpayers' money from SBA and various state unemployment agencies. He was also sentenced to 24 months supervised release and ordered to pay \$2.6 million in restitution. He pled guilty to 12 counts of wire fraud, money laundering, and aggravated identity theft connected to fraudulent PPP loans and EIDLs.



California Man Convicted for Role in National Fintech Fraud Ring

A San Diego, California man was convicted via plea agreement for wire fraud, part of a national criminal ring involving over \$600 million in PPP funds that also resulted in the convictions of the founders of the financial technology company that processed the fraudulent loans. To date, this criminal network is OIG's largest prosecuted pandemic assistance fraud scheme. The California man submitted applications for himself and several family members, falsifying employees, average monthly payroll, and tax documentation to receive \$11.7 million that was later forgiven based off forged documents.



Chicago-Area Trio Sentenced in \$2.6 Million Fraud Scheme

Three Chicago, Illinois area residents were sentenced for fraudulently obtaining more than \$2.75 million in PPP and EIDL funds. They falsely overstated their companies' employees, revenues, payroll, and expenses, then used the taxpayer funds to purchase luxury real estate and cars. Additional funds were used to remodel homes. In total they were ordered to pay \$2.6 million in restitution.



Loan Fraud and Immigration Violations Uncovered by a Fatal Trucking Accident

A man in Indiana was indicted on three-counts of wire fraud for allegedly defrauding the PPP and EIDL programs of \$336,082. Federal investigators tracked him down after he was involved in a fatal commercial truck crash currently under investigation. Federal agents identified him as an unlicensed illegal immigrant who obtained two PPP loans and two EIDLs for his trucking businesses. He allegedly submitted fraudulent information on the loan applications, including falsely claiming U.S. citizenship. Investigators found he did not meet the eligibility requirements for qualified alien status under federal loan program criteria.

Disaster Assistance Program

SBA's direct disaster assistance loans have been the primary form of federal assistance for repairing and rebuilding nonfarm, private sector losses following declared disasters since the agency's inception in 1953. Under this program, SBA provides low-interest, long-term loans to businesses of all sizes, most private nonprofit organizations, homeowners, and renters following a declared disaster. This is the only form of SBA assistance not limited to small businesses. These loans cover uninsured losses and can include funding for mitigation to prevent future damage. Because low-interest disaster assistance loans are government aid, creditworthiness and the ability to repay are taken into consideration before a loan is awarded.

The disaster assistance program includes four categories of federal loans administered by SBA for disaster-related losses:

- **Home disaster loans:** help homeowners and renters in declared disaster areas repair or replace real estate and personal property.
- **Business disaster loans:** help businesses in declared disaster areas recover from physical damage or economic injury.
- **Economic injury disaster loans:** provide working capital to small businesses and nonprofits experiencing substantial economic injury from a declared disaster; intended to cover essential operating expenses, such as payroll, rent, and utilities.
- **Military reservist economic injury disaster loans:** provide working capital to small businesses that suffer substantial economic injury when an essential employee who is a military reservist is called to active duty.

The following summarizes our audit and investigative work this period.

Inspections



SBA's Initial Response to the Severe Storms in Missouri and Kentucky (Report 26-02)

On May 16, 2025, a severe storm with deadly tornadoes significantly affected areas of Missouri and Kentucky. The storm resulted in five deaths and approximately \$1.6 billion in damage in St. Louis, Missouri. In Kentucky, the storm resulted in 19 deaths and over \$350 million in damage. We assessed SBA's initial response to these storms, including staffing, customer service response, outreach, volume of loan applications, and timeliness of loan approvals.

We found SBA mobilized quickly and maintained adequate staffing levels to support recovery operations in both states. Disaster loan applicants experienced minimal wait times and were satisfied with the customer service provided on-site. Outreach was conducted promptly and in accordance with internal policy. In addition, we determined that the percentage of loan applications waiting to be processed steadily decreased from the start of each presidential disaster declaration and fell below 20 percent of all loan applications received by day 65 of the Missouri declaration and by day 32 of the Kentucky declaration. All disaster loan applications were processed from submission to decision within 31 days, exceeding SBA's strategic goal. This report did not contain any recommendations.

Access this [inspection report](#) on the SBA OIG Reports site.



SBA's Desktop Loss Verification Process (Report 26-05)

We conducted a verification inspection of SBA's corrective actions for the recommendations from our Report 19-23, *Audit of SBA's Desktop Loss Verification Process*. The agency took corrective actions in response to our prior audit and implemented a process to ensure all disaster assistance loans were verified before disbursing funds; however, we could not verify if the corrective actions were working as intended because they were no longer being done. The agency switched to processing disaster assistance loans on a new platform in 2023 and didn't carry over verification efforts that sufficiently addressed our past recommendations. In some cases, SBA weakened or eliminated internal controls even further.

Under SBA's current procedures associated with the new Uniform Lending Platform, SBA disburses a disaster assistance loan only by looking at documents submitted by the applicant and third-party data. So, loans meant to help victims recover from a disaster are disbursed without any on-site verification of disaster damage. In this verification inspection, we reviewed the files for 28 SBA disaster assistance loans approved in fiscal year 2025 and found 12 were missing photographs of the claimed damages. Only 1 of the 28 files contained contractor estimates for cost of repair or replacement, insurance reports, or repair receipts. We will not reopen the recommendations from Report 19-23 but will instead incorporate our findings into an ongoing assessment of SBA's disaster assistance loan loss verification process.

Access this [verification inspection report](#) on the SBA OIG Reports site.

Notable Investigations

For investigative cases involving the PPP, another pandemic assistance program, see the [Small Business Access to Capital](#) section.



Former SBA Loan Officer Pled Guilty in Kickback Scheme

A former SBA loan officer in the Atlanta, Georgia area pled guilty to organizing a kickback scheme that resulted in the fraudulent disbursement of over \$3.3 million in taxpayer funds. The former employee recruited co-conspirators on social media who she instructed to apply for EIDL Targeted Advances and Supplemental Targeted Advances in exchange for a fee. She also asked applicants to recruit others for a referral fee. The former employee abused the public trust, using her position and access to SBA databases to approve 442 fraudulent advances totaling \$3.3 million.



Hawaii Business Man Pled Guilty in Pandemic Assistance Fraud

An Oahu, Hawaii man pled guilty to wire fraud and false statements for submitting multiple fraudulent EIDL applications for businesses he claimed to own. He fabricated tax forms and falsified his employees, payroll expenses, and operational status to receive \$737,802 in taxpayer funds intended for small businesses. He used the loan funds for personal investments rather than legitimate business expenses.



Prior Felon Sentenced to 5 Years for Using U.S. Navy Sailor's Identity to Steal Taxpayer Funds

A Missouri man was sentenced to 60 months and ordered to pay and forfeit \$148,100 for defrauding the EIDL program using the stolen identity of a U.S. Navy sailor. Federal investigators found the Missouri man stole the identity of the sailor and then routed the loan funds to a bank account he controlled. About \$141,746 was seized from the financial institution. The man had 6 prior felony convictions and 17 misdemeanor convictions for theft, bad checks, and forgery dating back to 1994.

Contracting and Counseling Programs

The U.S. government is the largest single purchaser of goods and services in the world, awarding over \$793 billion in prime contracts in FY 2025. SBA works to maximize opportunities for small businesses to receive these contract awards. The government-wide goal is to award at least 23 percent of contract dollars to small businesses, in keeping with the minimum set by the Small Business Act. The government seeks to award small disadvantaged businesses, Women-Owned Small Businesses, and service-disabled veteran-owned small businesses each at least 5 percent of the value of prime and subcontracting awards each year. The target for historically underutilized business zone (HUBZones) firms is at least 3 percent of the value of all prime and subcontract awards each year.

SBA has specific programs that focus on strengthening various types of small businesses, like those owned by service-disabled veterans and women, as well as small businesses that are disadvantaged or located in HUBZones. The HUBZone program is intended to help small businesses stimulate their economically challenged local economies. Similarly, SBA's 8(a) Business Development Program helps socially and economically disadvantaged entrepreneurs who own small businesses gain business skills and access to federal contracting opportunities so they can better compete in the open marketplace. The program offers free business development education, training workshops, and matchmaking opportunities with federal buyers.

Congress funded a variety of counseling and training programs that aids existing and prospective small businesses through services offered by partner organizations. Among these partners are Small Business Development Centers (SBDC), the SCORE mentoring network, Women's Business Centers, and Veterans Business Outreach Centers. SBA is responsible for administering the funding and overseeing these programs.

The following summarizes our audit and investigation work this period.

Inspection



Kentucky Small Business Development Center's Compliance With Cooperative Agreement Requirements (Report 26-04)

We assessed whether the Kentucky SBDC met financial, programmatic, and performance requirements according to its cooperative agreement with SBA. The agency is authorized to make grants to states, institutions of higher education, and Women's Business Centers to establish an SBDC. The Kentucky SBDC, hosted by the University of Kentucky's College of Agriculture, Food and Environment, consisted of a lead center and 10 service centers providing one-on-one and team counseling, business coaching, and educational workshops. We selected the Kentucky SBDC for inspection based on risk factors related to the materiality of the federal grant award, previous Hotline complaints, and prior findings from SBA's Financial Examination Unit's report.

We found the SBDC generally met financial requirements as prescribed in the agreement for the transactions we reviewed; however, we identified operational improvements to protect and enhance program integrity, such as publicizing service center accessibility and fully informing SBDC personnel of whistleblower protections. We also identified opportunities for the SBDC and SBA to strengthen their ability to accurately track and monitor progress by improving the quality and collection of data and aligning performance goals with related funding.

We made five recommendations for SBA to enhance and enforce financial and program compliance to strengthen program integrity and address risks in program performance. SBA managers agreed with four and disagreed with one recommendation.

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

Notable Investigation



8(a) Defense Contractor Sentenced to 48 Months in Bribery Scheme

The president of a Virginia 8(a) Business Development Program defense contracting firm was sentenced to 48 months and ordered to pay a fine of \$30,000 as part of a plea agreement. The defendant pled guilty to conspiracy for bribing a former civilian employee at the Department of Defense for access to lucrative government contracts

meant for disadvantaged small business owners. The man bribed the employee with expensive meals and tickets to the Super Bowl and the World Series. In return, the employee exerted pressure on other officials and advocated for the contractor.

Agency Management

OIG coordinates with SBA's Office of Performance, Planning, and the Chief Financial Officer and the Office of the Chief Information Officer to independently review financial reporting, performance management, and maintenance of SBA's information systems and related security controls. OIG oversees and monitors SBA's compliance with the Federal Information Security Modernization Act of 2014, including cloud migration, artificial intelligence, IT security, and application development activities, such as new systems under development. Our office also oversees the financial statements audit, SBA's compliance with the Payment Integrity Information Act of 2019, and charge card programs.

The following summarizes our audit work this period.

Audit



Independent Auditors' Report on SBA's Fiscal Year 2025 Financial Statements (Report 26-03)

SBA received its sixth consecutive disclaimer of opinion on the audit of its consolidated balance sheet and the related notes as of September 30, 2025.

A disclaimer means that an auditor was unable to obtain sufficient information to determine whether the organization's financial statements were accurate. Although SBA has not received a clean audit opinion in 6 years, it made significant progress in 2025 by successfully remediating two material weaknesses and downgrading another to a significant deficiency.

The basis for the disclaimer was because of control deficiencies identified, SBA was unable to provide adequate evidential matter in support of a significant number of transactions and account balances related to the PPP and EIDL program. Additionally, management was unable to provide sufficient appropriate audit evidence to support the data used to develop assumptions used in the subsidy allowance estimate for SBA's direct loan and loan guaranty programs.

During the audit, the independent certified public accounting firm KPMG LLP identified four material weaknesses and one significant deficiency in internal control over financial reporting. We note that SBA made considerable progress addressing prior year audit findings, resulting in the successful remediation of controls over general information technology and controls over the

evaluation of service organizations, and the downgrading of controls over monitoring Restaurant Revitalization Fund and Shuttered Venue Operators Grant programs to a significant deficiency.

KPMG was not engaged to audit the consolidated statement of net cost, consolidated statement of changes in net position, and combined statement of budgetary resources. Our contract required KPMG to conduct the audit in accordance with *Government Auditing Standards* and Office of Management and Budget Bulletin No. 24-02, Audit Requirements for Federal Financial Statements.

Access this [audit report](#) on the SBA OIG Reports site.



KPMG Management Letter Communicating Matters Relative to SBA's Fiscal Year 2025 Financial Statements Audit (Report 26-06)

During the financial statements audit, the independent certified public accounting firm identified other issues involving internal controls that did not rise to the level of a material weakness or significant deficiency but warranted being reported in a management letter. The letter detailed the following issues:

- Management did not properly categorize the 1 month reporting lag of the guaranty loan balances as a non-generally accepted accounting principles policy.
- Management did not perform a timely review of the non-generally accepted accounting principles policy related to the untimely reporting of the guaranty loan balances and determine its impact on the financial statements and related notes.

The auditors made two recommendations based on these findings that management agreed to implement to improve internal controls.

Access this [management letter](#) on the SBA OIG Reports site.

Other Significant OIG Activities

Background Investigations

During this reporting period, OIG initiated seven background investigations, issued two security clearances for OIG employees and contractors, and adjudicated six background investigative reports.

Stakeholder Presentations on Fraud Awareness

During this reporting period, SBA OIG held 57 presentations for internal and external stakeholders to raise awareness of fraud, waste, and abuse related to SBA programs. More than 2,174 participants attended these events.

Reviews of Proposed Agency Regulations, Operating Procedures, and Other Initiatives

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 makes recommendations to the agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations. During the reporting period, OIG reviewed 42 proposed revisions of these program directives.


OIG Hotline

Offices of inspector general have a hotline function that takes complaints from anyone who suspects fraud, waste, 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 examines 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.

Serving Taxpayers

OIG's Hotline team uses data analytics to review and sort complaints given the large influx associated with SBA's pandemic response programs. We address each complaint received via online submissions to the SBA OIG website, email, and posted mail, as well as referrals from lenders and other agencies.

 Hotline	
Current Period	
October 1, 2025 to March 31, 2026	
Paycheck Protection Program	3,250
Economic Injury Disaster Loan	591
Other*	2,313
Total	6,154
*Includes complaints not yet processed or categorized	

During this semiannual period, the OIG Hotline received more than 6,154 complaints of loan fraud and abuse, identity theft, contract fraud, and problems with SBA's customer service.

In total, since the pandemic began in March 2020, OIG has received more than 328,105 complaints, which averages more than 54,684 per year. By contrast, the OIG Hotline received 742 complaints in 2019.

Organizational Overview

U.S. Small Business Administration

SBA's mission 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.

SBA is organized around the areas of capital access, 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 2 disaster field operation centers. 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. 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 **Audits Division** fulfills statutory responsibilities to perform and oversee audits and reviews to promote the economical, efficient, and effective administration of SBA programs and operations. Key areas of emphasis are SBA loan programs, disaster assistance, business development, and government contracting programs, as well as mandatory and other statutory audit requirements involving information technology security and financial reporting.

The **Investigations Division** fulfills statutory responsibilities to manage initiatives 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, Hotline staff 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.

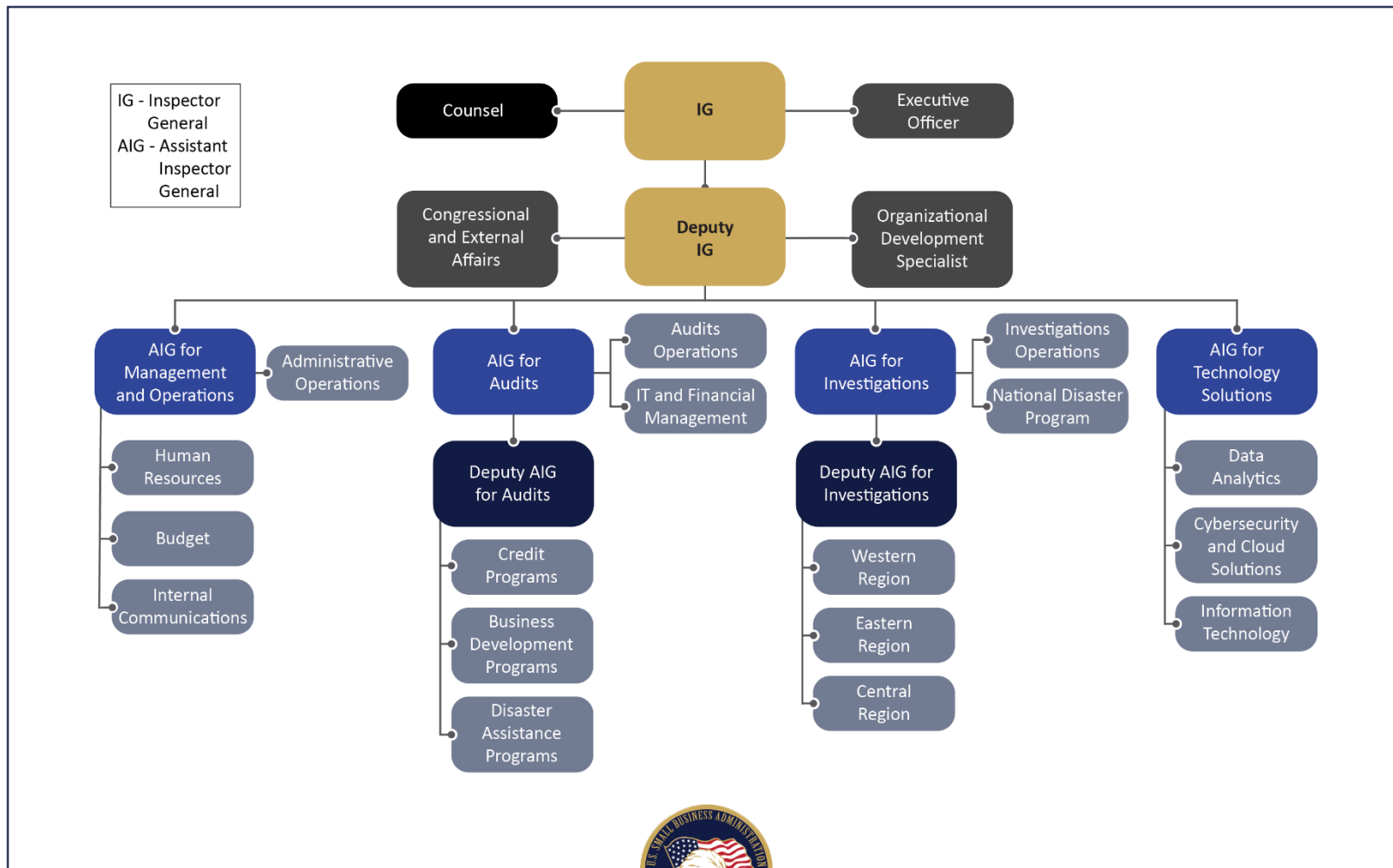
The National Disaster Program identifies fraud trends and develops investigative leads associated with the SBA pandemic assistance and disaster assistance loan programs working in coordination with the OIG Investigations, Audits, and Technology Solutions divisions, SBA, Department of Justice and external law enforcement agencies to detect and combat fraud and recover agency funds.

The **Technology Solutions Division** provides data analytics, cybersecurity and digital cloud solutions, and IT user support to OIG. The division's long-range strategies and goals are to root out fraud, waste, and abuse in agency programs by developing innovative techniques in automation, artificial intelligence, and machine learning for the benefit of American small businesses and entrepreneurs.

The **Management and Operations Division** provides business support, such as budget and financial management, human resources, and procurement, for various OIG functions and activities. The security operations staff within the division conduct 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 Personal Identity Verification cards pursuant to Homeland Security Presidential Directive-12 background investigations requirements.

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; supports the prosecution of criminal, civil, and administrative enforcement matters; processes subpoenas; responds to Freedom of Information Act and Privacy Act requests, and reviews and comments on proposed policies, regulations, legislation, and procedures.

OIG's headquarters is in Washington, D.C. OIG field offices are in Atlanta, Georgia; Charlotte, North Carolina; Chicago, Illinois; Columbus, Ohio; Dallas-Fort Worth, Texas; Detroit, Michigan; Denver, Colorado; Seattle, Washington; Herndon, Virginia; Houston, Texas; Los Angeles, California; Miami, Florida; New York, New York; Philadelphia, Pennsylvania; Sacramento, California; Tampa, Florida; and Washington, D.C.



Appendices

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 (criminal/civil)	\$196,169,323
Other Recoveries (e.g., repayment of funds, cost avoidance, voluntary return, administrative seizures with partner law enforcement agencies)	\$38,089,004
Asset Forfeitures Attributed to OIG Investigations	\$10,314,095
Loans/Contracts Not Approved or Canceled as a Result of Investigations	\$11,700
Investigations Subtotal	\$244,584,122
Dollar Accomplishments as a Result of Audit Activities	—
Disallowed Costs Agreed to by Management	\$32,014,805,546
Recommendations That Funds Be Put to Better Use Agreed to by Management	\$0
Audit Subtotal	\$32,014,805,546
Total OIG Dollar Accomplishments	\$32,259,389,668

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

Reports Issued	8
Recommendations Issued	13
Dollar Value of Costs Questioned	\$32,014,805,546
Dollar Value of Recommendations That Funds Be Put to Better Use	0
Recommendations With Management Decisions	8
Recommendations Without a Management Decision	5
Collections as a Result of Questioned Costs	0

Indictments, Convictions, and Case Actions

Indictments From OIG Cases	83
Convictions From OIG Cases	52
Cases Opened	77
Cases Closed	138

SBA Personnel Actions Taken as a Result of Investigation

Dismissals	0
Resignations and Retirements	0
Suspensions	0
Reprimands	0

Agency Legislative and Regulatory Proposals Reviewed

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	42
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	0

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 2025 Financial Statements	26-03	1/21/2026	—	—	—
KPMG Management Letter Communicating Matters Relative to SBA's Fiscal Year 2025 Financial Statements Audit	26-06	2/26/2026	—	—	—
Program Subtotal	2	—	—	—	—

Contracting and Counseling Programs

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
Kentucky Small Business Development Center's Compliance With Cooperative Agreement Requirements	26-04	2/3/2026	\$22,504	\$22,504	—
Program Subtotal	1	—	\$22,504	\$22,504	—

Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
SBA's Screening of 7(a) Loan Applications Under its Risk Mitigation Framework	26-07	3/11/2026	\$32,014,783,042	\$32,014,783,042	—
SBA's Awarding and Oversight of Small Business Investment Company Licenses	26-08	3/17/2026	—	—	—
Program Subtotal	2	—	\$32,014,783,042	\$32,014,783,042	—

Disaster Assistance

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
SBA's Initial Response to the Severe Storms in Missouri and Kentucky	26-02	1/14/2026	—	—	—

SBA’s Desktop Loss Verification Process	26-05	2/24/2026	—	—	—
Program Subtotal	2	—	—	—	—

Top Management Challenges

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
Top Management and Performance Challenges Facing SBA in FY 2026	26-01	12/18/2025	—	—	—
Program Subtotal	1	—	—	—	—

Appendix C: Reports, Recommendations, and Management Decisions

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, 2026

Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
20-03	Audit of SBA's Oversight of High-Risk Lenders	11/12/2019	1	—
21-08	SBA's Use of Vendors Without a Contract	2/3/2021	2	\$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	5	\$801,055
22-07	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	1/18/2022	2	\$14,362,774
22-11	FY 2021 FISMA Review	4/28/2022	1	—
22-19	COVID-19 and Disaster Assistance Information Systems Security Controls	9/27/2022	6	—
22-21	Paycheck Protection Program Eligibility for Nonprofit Organizations	9/26/2022	1	\$684,000,000
23-03	FY 2022 FISMA Review	12/13/2022	3	—
23-10	SBA's Administrative Process to Address Potentially Fraudulent RRF Awards	7/5/2023	1	\$278,570,834
23-15	SBA's Oversight of Restaurant Revitalization Fund Recipients	9/29/2023	5	\$3,528,709,751
24-02	SBA's Internal Controls to Prevent Shuttered Venue Operators Grants to Ineligible Applicants	10/25/2023	1	\$22,878,968
24-06	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers With Treasury's Do Not Pay Data Matches	2/22/2024	5	\$1,428,399,071
24-07	Fiscal Year 2023 Federal Information Security Modernization Act	3/7/2024	6	—

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Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
24-09	SBA's Restaurant Revitalization Fund Program Award Practices	3/26/2024	5	\$6,410,764,905
24-10	SBA's IT Investment Governance Framework	3/29/2024	3	—
24-16	SBA's Fiscal Year 2023 Compliance With the Payment Integrity Information Act of 2019	5/15/2024	6	—
24-17	7(a) Loan Approval for Borrowers With Unresolved COVID-19 Pandemic Loan Compliance Issues	5/21/2024	1	—
24-20	SBA's Guaranty Purchases for Paycheck Protection Program Loans	7/9/2024	7	—
24-21	Improvements Needed in SBA's Shuttered Venue Operators Grant Post-Award Review Process	7/10/2024	1	—
24-23	SBA's Oversight of HUBZone Program Participants' Continuing Eligibility	8/15/2024	2	—
24-25	SBA's Oversight of the Community Navigator Pilot Program Performance Navigator Pilot Program Performance	9/24/2024	3	—
25-03	Approved Disaster Assistance Loans Matching COVID-19 EIDLs and PPP Loans With Fraud Hold Codes	11/5/2024	1	—
25-04	SBA's Oversight of Non-Bank Lenders and Third-Party Service Providers Associated With PPP Loans	11/13/2024	6	—
25-05	Independent Auditors' Report on SBA's Fiscal Year 2024 Financial Statements	11/15/2024	21	—
25-06	COVID-19: Data Sharing Project Finds Billions Paid to Same Likely Fraudsters Under Both the Unemployment Insurance and Economic Injury Disaster Loan Programs	12/5/2024	2	—
25-07	SBA's Use of Hold Codes for Potentially Fraudulent PPP Loans	1/16/2025	5	—
25-11	Undetected Vulnerabilities From Personally Owned Devices	4/22/2025	2	—
25-12	SBA's Actions to Address Forgiven PPP Loans Subsequently Flagged as Potentially Ineligible	4/23/2025	2	—
25-13	Fiscal Year 2024 Federal Information Security Modernization Act	4/29/2025	7	—
25-14	Eligibility of PPP Loans Exceeding Maximum Size Standards	5/1/2025	2	\$342,722,938
25-19	Hurricane Helene – Initial Disaster Assistance and Recovery Response	6/17/2025	2	—

Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
25-20	Hurricane Milton – Initial Disaster Assistance and Recovery Response	7/2/2025	2	—
25-21	SBA's Oversight of Shuttered Venue Operators Grant Recipients	7/22/2025	4	\$1,190,409,129
25-23	SBA's Collection Efforts on Delinquent COVID-19 EIDLs	8/12/2025	3	—
25-24	SBA's Processes to Forecast and Request Appropriation Dollars for its Disaster Loans Program Account	9/25/2025	1	—
25-25	SBA's Controls to Address Financial Statements Audit Disclaimers and Material Weaknesses	9/29/2025	4	—
—	Total	—	129	\$13,967,487,227,806

Significant Recommendations From Prior Reporting Periods Without Final Action as of March 31, 2026

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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	7/15/2025
21-08	2/3/2021	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.	2/1/2021	9/6/2024
21-08	2/3/2021	3	Ratify the over \$10.8 million in payments in accordance with the FAR and 48 CFR § 1.602-3.	2/2/2023	9/6/2024
21-09	3/15/2021	1	Review the OIG identified potential duplicate disbursements for eligibility and take action to recover any improper payments as applicable.	3/31/2021	12/31/2025
21-14	5/4/2021	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.	5/4/2021	3/17/2025
21-14	5/4/2021	3	Recover \$31,215 for improperly awarded contracts and \$31,424 in unallowable or unallocable expenses.	5/4/2021	3/17/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
21-14	5/4/2021	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.	5/4/2021	1/21/2025
21-14	5/4/2021	5	Establish policies holding program officials accountable for promptly following up on financial examination results and enforcing cooperative agreement requirements.	5/4/2021	3/17/2025
21-14	5/4/2021	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.	5/4/2021	3/21/2025
22-11	4/28/2022	2	Ensure the continuity of operations plan is tested annually, as required by Federal Continuity Directive 1.	4/29/2022	6/30/2025
22-19	9/27/2022	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.	11/8/2022	7/31/2025
22-19	9/27/2022	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	7/31/2025
22-19	9/27/2022	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.	11/8/2022	8/1/2025
22-19	9/27/2022	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	6/30/2025
22-19	9/27/2022	8	Review and update POA&Ms at least quarterly as required by SOP 90 47 6.	11/09/2022	6/30/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
22-19	9/27/2022	10	Implement an automated process to document and monitor system changes as recommended by NIST SP 800-53 Rev. 5.	11/9/2022	6/30/2025
22-21	9/26/2022	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.	06/3/2024	12/31/2025
23-03	12/13/2022	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.	12/16/2022	2/14/2025
23-03	12/13/2022	3	Communicate and reinforce to program offices the requirement to review and remove system and user accounts in accordance with SOP 90 47 6.	12/16/2022	4/30/2025
23-03	12/13/2022	5	Develop, document, and implement a process that requires management review of information security data and report information security threats.	12/16/2022	4/30/2025
23-10	7/5/2023	1	Prioritize and complete the review of the 2,172 awards that were flagged by the point-of-sale partner as having unsupported gross sales and take appropriate administrative actions to recover improper payments, which includes 110 awards that were suspected of fraud.	8/15/2023	12/27/2024
23-15	9/29/2023	1	Follow-up with recipients who did not submit their final annual report as required by April 30, 2023 and take action to recover funds.	10/5/2023	10/7/2024
23-15	9/29/2023	2	Review the 210 RRF award recipients currently marked in the PPP loan data as potentially fraudulent or ineligible that were not selected for post award review.	10/5/2023	4/30/2025
23-15	9/29/2023	3	Extend the record retention period and notify all RRF award recipients in writing in accordance with 2 CFR 200.334.	5/6/2025	4/30/2025
23-15	9/29/2023	5	Take immediate administrative actions to recover improper payments from the 5 hotels and 18 recipients found to be ineligible, for a total of 23 ineligible award recipients identified totaling \$39 million.	10/5/2023	10/7/2024
23-15	9/29/2023	6	Establish and implement procedures to recover unused funds or recover funds paid to ineligible recipients and prioritize this effort.	10/5/2023	10/7/2024
24-02	10/25/2023	1	Reevaluate eligibility for the 47 applicants we questioned and recover grant funds from the ineligible applicants.	1/31/2024	10/15/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
24-06	2/22/2024	1	Review the 1,799 PPP loans totaling over \$89 million that matched a Do Not Pay (DNP) data source, to ensure eligibility requirements were met and seek remedy or repayment of all loans deemed ineligible.	3/27/2024	9/30/2025
24-06	2/22/2024	2	Review the 49 PPP loans totaling approximately \$3.5 million and the 43 loans totaling approximately \$7.2 million to ensure borrowers met eligibility requirements and seek remedy or repayment of loans deemed ineligible.	9/30/2024	8/29/2025
24-06	2/22/2024	3	Conduct a review of PPP loans, in which the DNP hold codes were cleared to 1) identify those cleared using pre-decisional memos and 2) those cleared without sufficient evidence to support the reviewer's loan decision and seek remedy or repayment of loans deemed ineligible.	10/3/2024	12/31/2025
24-06	2/22/2024	6	Review the 59,893 PPP applications that matched a DNP data source to ensure borrowers met eligibility requirements and seek remedy or repayment of loans deemed ineligible.	3/8/2024	12/31/2025
24-06	2/22/2024	7	Review the additional 47,940 PPP loans totaling over \$1.7 billion, identified through the DNP data match, to ensure borrowers met the eligibility requirements and seek remedy or repayment of loans deemed ineligible.	3/27/2024	12/31/2025
24-07	3/7/2024	5	Develop a strategy to ensure that products, system components, systems, and services of external providers are consistent with the organization's cybersecurity and supply chain requirements.	3/27/2024	2/14/2025
24-07	3/7/2024	6	Define timeframe and remediation requirements for baseline and configuration weaknesses.	3/26/2024	12/31/2024
24-07	3/7/2024	7	Properly update and remediate vulnerabilities and configuration weaknesses throughout the SBA environment.	3/27/2024	4/30/2025
24-07	3/7/2024	9	Ensure implementation procedures for data loss prevention are updated at least on a biannual basis to reflect new processes and new requirements.	3/27/2024	12/31/2024
24-07	3/7/2024	10	Update existing procedures that identify the roles of individuals with significant IT responsibilities who require role-based training and ensure such training is provided and tracked.	3/27/2024	4/30/2025
24-07	3/7/2024	11	Provide training to individuals with contingency planning roles and responsibilities.	3/27/2024	4/30/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
24-09	3/26/2024	1	Develop a plan for future similar programs to leverage applicable existing SBA data sources when determining eligibility and monitoring awards. The plan should include requirements to evaluate effectiveness of the use of the data as controls to reduce risk of improper payments.	4/30/2024	3/31/2025
24-09	3/26/2024	2	Validate historical sales for 47,565 awards designated or treated as Tier 2 that failed or did not receive IRS validation. Recover any excess funds paid that are attributable to unverified historical sales data.	—	—
24-09	3/26/2024	3	Review the 3,443 applicants awarded funds totaling \$376,583,100 that self-certified as a brewery or inn, to determine if they met the 33 percent onsite sales eligibility requirement and recover any funds from applicants that did not meet the requirement.	—	—
24-09	3/26/2024	4	In accordance with Public Law 117-2, § 5003(a)(4)(A)(i) take immediate action to review and recover improper payments from the 14 affiliated business groups disclosed by RRF applicants for a total of \$55,067,326 in excess funds paid, beyond the \$10 million limit per affiliated group.	4/30/2024	5/30/2025
24-09	3/26/2024	5	Review the 16,345 applicants that disclosed having an affiliated business to determine if the amounts collectively awarded to the applicant and affiliates exceeded the \$10 million maximum and recover any excess awards.	—	—
24-10	3/29/2024	2	Ensure the architecture review board reviews new investments to confirm compatibility with agency systems and ensure the Business Technology Investment Council approves new investments prior to purchase, as required by SOPs 90 52 1 and 90 44.	6/14/2024	8/31/2025
24-16	5/15/2024	3	Enhance existing procedures using the framework in the Government Accountability Office's Green Book to design and implement robust internal and quality control processes to ensure complete and accurate reporting of annual improper payment results and formalized risk assessment processes to ensure all programs and activities are considered sufficiently to meet PIIA reporting objectives.	6/14/2024	9/30/2025
24-16	5/15/2024	4	Design and implement enforceable actions and controls to hold lenders accountable for not providing all documentation requested for loan samples in a timely manner.	6/14/2024	5/15/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
24-16	5/15/2024	5	Formally document and implement additional preventative and monitoring controls to determine the eligibility of loans prior to loan approval and payments and loan guaranty purchases.	6/14/2024	5/15/2025
24-16	5/15/2024	7	Exercise effective management review controls over the statistician’s work product by verifying that the documentation of the sampling and estimation methodology plans comprehensively outlines the details of the implemented sampling and extrapolation methodology, while maintaining statistical validity.	6/14/2024	5/15/2025
24-16	5/15/2024	9	Design and document adequate review procedures to ensure that the results of the sample meet the PIIA objectives.	6/14/2024	5/15/2025
24-16	5/15/2024	10	Design and implement a formal review process to ensure corrective actions plans developed, implemented, and published are adequately addressing the true root causes of improper and unknown payments.	6/14/2024	5/15/2025
24-17	5/21/2024	1	Review and appropriately resolve hold codes related to the 5,044 7(a) loans to determine impact on 7(a) eligibility and seek remedy or repayment of all 7(a) loans deemed ineligible.	8/8/2024	6/28/2025
24-20	7/9/2024	1	Review charged-off PPP loans to ensure all eligible loans are reported to commercial credit reporting agencies, as required.	7/12/2024	8/29/2025
24-20	7/9/2024	2	Require personnel to conduct periodic monitoring and reviews of SBA’s automated processes for PPP and future stimulus loan programs to ensure all eligible loans are reported to commercial credit reporting agencies, as required.	7/12/2024	8/29/2025
24-20	7/9/2024	3	Identify the credit reporting agencies to whom SBA must report current and delinquent loans for PPP and future stimulus loan programs.	7/12/2024	5/30/2025
24-20	7/9/2024	4	Review charged-off PPP loans to ensure that all eligible loans are referred to Treasury, as required.	7/12/2024	8/29/2025
24-20	7/9/2024	5	Require personnel to conduct periodic reviews of its automated Treasury referral process for PPP and future stimulus loan programs to ensure all eligible loans are referred to Treasury, as required.	7/12/2024	5/30/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
24-20	7/29/2024	6	Conduct lender reviews to ensure lenders complied with their communication, servicing, and debt collection activity requirements. If not, require the lender to bring the loan into compliance or seek recovery of the guaranty paid by SBA as appropriate.	9/27/2024	9/30/2025
24-20	7/9/2024	7	Require lenders to submit evidence of communication, servicing, and debt collection activities with the borrower prior to guaranty purchase for PPP and future similar programs to foster and maintain program integrity.	9/26/2024	12/31/2025
24-23	8/15/2024	1	Revise regulations to require documents that can be verified to ensure firms complied with 13 CFR § 126.200(d)(3), that a legacy employee resided in a HUBZone for at least 180 days following the most recent certification (or recertification).	8/20/2024	7/30/2025
24-23	8/15/2024	3	Improve the HCTS system notification module to ensure recertification notifications are sent timely and consistently to all HUBZone firms.	8/20/2024	12/1/2025
24-25	9/24/2024	1	Should the Navigator program continue, establish performance targets to assess recipient's progress toward assisting underserved small business owners and entrepreneurs.	12/20/2024	1/27/2025
24-25	9/24/2024	2	Should the Navigator program continue, enhance guidance for grant recipients to use acceptable methods to collect more complete client information reported to program officials	12/20/2024	2/28/2025
24-25	9/24/2024	4	Establish and implement a risk-based process to compare performance results for Navigator program grant recipients and partner organizations that are also SBA resource partners to ensure performance is separate and discrete.	—	—
25-03	11/5/2024	1	Review the 187 loans that matched to a related COVID-19 EIDL or PPP loan with a fraud hold code for legitimacy and eligibility. If any of the 187 loans are found to be illegitimate, ineligible, or fraudulent, take appropriate action to 1) prevent disbursement of funds, 2) recover the funds, and 3) refer potentially fraudulent loans to OIG.	10/29/2024	10/24/2025
25-04	11/13/2024	1	Ensure that future application review processes for non-bank PPP lenders (including fintechs) requesting to participate in traditional SBA loan programs include conducting reviews of the lender's compliance with PPP requirements.	4/8/2025	6/30/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
25-04	11/13/2024	2	Enhance existing risk-based oversight plans to ensure adequate oversight of high-risk non-bank lenders, including fintechs.	4/8/2025	6/30/2025
25-04	11/13/2024	3	Ensure internal controls designed to restrict access to only lender service providers with accepted agreements to submit loan applications remain in place to promote program integrity in all lending programs.	4/8/2025	4/30/2025
25-04	11/13/2024	4	Improve monitoring of lender/service provider relationships to better determine the extent of services being performed by service providers to ensure compliance with SBA requirements.	4/8/2025	4/30/2025
25-04	11/13/2024	5	Reinforce existing guidance to lenders on reporting lender service provider relationships to SBA to ensure only accepted lender service providers are participating and benefiting from SBA programs.	4/8/2025	6/30/2025
25-04	11/13/2024	6	Update guidance on lender requirements for managing risks associated with lender service provider relationships to align with 2023 Interagency Guidance.	—	—
25-06	12/5/2024	1	Evaluate its authority to share data and develop fraud prevention resources and controls with other federal entities, including SBA, that include data sharing mechanisms to detect and mitigate fraud.	12/4/2024	9/25/2026
25-06	12/5/2024	2	Collaborate with SBA to conduct a joint study to assess and identify the Unemployment Insurance (UI) claim data elements that should be shared for data matching with disaster program data elements for the purpose of detecting potentially fraudulent activities under both the UI and SBA disaster assistance programs.	12/4/2024	9/24/2026
25-07	1/16/2025	1	Immediately flag with a hold code 50 the 45,761 lender-referred loans, totaling \$2.7 billion, suspected of fraud or illegal activity and any other such referred loans.	—	—
25-07	1/16/2025	2	Review 17,269 of the 45,761 lender-referred loans, totaling \$1.2 billion, suspected of fraud or illegal activity that have been forgiven and any other such loans to ensure borrowers met eligibility requirements. If not, seek recovery of funds as appropriate.	—	—
25-07	1/16/2025	3	Immediately flag with a hold code 50 the 6,944 lender-referred loans, totaling \$365 million, suspected of fraud or illegal activity, but not captured in the Office of Credit Risk Management's (OCRM) summary	—	—

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
25-07	1/16/2025	4	Review 5,130 of the 6,944 lender-referred loans, totaling \$139.1 million, suspected of fraud or illegal activity that have been forgiven and any other such loans, to ensure borrowers met eligibility requirements or seek recovery of funds as appropriate.	—	—
25-07	1/16/2025	5	Establish sufficient procedures, such as supervisory reviews and a reconciliation process, to ensure all lender-referred loans suspected of fraud or illegal activity are captured in OCRM's summary workbook.	1/22/2025	8/31/2025
25-11	4/22/2025	5	Implement or enhance current real-time continuous monitoring of mobile phone and personal computer data with rules-based automated response and analysis capabilities as required by OMB M-22-01.	4/22/2025	4/30/2025
25-12	4/23/2025	1	Complete reviews for the 37,938 loans, totaling approximately \$4.6 billion, which includes the 26,234 loans, totaling approximately \$454 million valued at \$25,000 or less, and subsequently flagged with hold code 70 to ensure borrowers met eligibility requirements and seek recovery of all ineligible loans.	4/23/2025	12/31/2025
25-13	4/29/2025	1	Complete the implementation of a software tool to help ensure a complete and accurate inventory of software and hardware assets that includes the detailed information necessary for tracking, reporting, and approval.	7/31/2025	7/31/2025
25-13	4/29/2025	2	Perform assessments and analysis of contractor systems to ascertain compliance with SBA's security policies and federal requirements. This includes development of procedures to obtain sufficient assurance through inspection of vulnerability assessment results, audits, test results, or other forms of evaluation to ensure the security and supply chain controls of systems or services provided is captured.	7/31/2025	6/30/2025
25-13	4/29/2025	3	Establish policies and procedures for detecting counterfeit components and devices, including what risks to consider and what controls may be appropriate to mitigate those risks in SBA's supply chain. This includes the design, development, and implementation of counterfeit training requirements and configuration control over system components awaiting service or repair and serviced or repaired components awaiting return to service.	7/31/2025	6/30/2025
25-13	4/29/2025	4	Properly update and remediate configuration management vulnerabilities and weaknesses as specified in SBA's procedures.	7/31/2025	6/30/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
25-13	4/29/2025	5	Update incident response documentation procedures, accounting for all necessary information to be included in the SBA cyber incident form.	7/31/2025	6/30/2025
25-13	4/29/2025	6	Update or establish procedures to ensure that all employees and contractors receive security awareness training in a timely manner.	7/31/2025	6/30/2025
25-13	4/29/2025	7	Develop and implement a process to verify remedial action has occurred if an individual fails to complete the required training within the designated timeframe.	7/31/2025	6/30/2025
25-14	5/1/2025	1	Obtain the documentation necessary to fully assess the borrower's size standard eligibility for the 29 loans, totaling \$196.5 million, that were cleared solely by memoranda unrelated to size standard eligibility requirements to ensure only eligible borrowers received funds and, if not, seek repayment of forgiveness amounts on all loans deemed ineligible.	5/5/2025	3/31/2026
25-14	5/1/2025	2	Obtain the documentation necessary to fully assess whether size standard eligibility requirements were met for the 19 loans, totaling \$146.2 million and, if not, seek repayment of forgiveness amounts for all loans deemed ineligible.	—	—
25-19	6/17/2025	1	Review outreach staffing assignments and ensure appropriate coverage during future disaster response efforts when minimal resources are available.	6/17/2025	3/31/2026
25-19	6/17/2025	3	Perform a root cause analysis to determine the basis of insufficient outreach efforts in North Carolina and South Carolina and implement appropriate changes to ensure maximum awareness of available assistance to disaster survivors that accounts for rural areas.	8/13/2025	3/31/2026
25-20	7/2/2025	1	Review current outreach strategies, including staffing assignments, and make appropriate changes to optimize resources, ensuring maximum awareness of available assistance to disaster survivors	7/2/2025	3/31/2026
25-20	7/2/2025	2	Implement processes to gather feedback from applicants that would assist the agency in monitoring the effectiveness of its outreach methods.	7/2/2025	9/30/2027
25-21	7/22/2025	2	Take immediate action to review the 380 recipients who program officials identified as having a potential improper payment and recover funds.	7/22/2025	12/1/2025

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
25-21	7/22/2025	3	Ensure program officials enforce the established tier-based process timeline for the 438 recipients who have not responded to SBA's information requests.	7/22/2025	5/31/2026
25-21	7/22/2025	4	Follow-up with 347 recipients who did not submit their required documents to initiate closeout and take action to recover funds, where necessary.	7/22/2025	4/30/2026
25-21	7/22/2025	5	Establish and implement timeframes for each closeout activity.	7/22/2025	12/1/2025
25-23	8/12/2025	1	Conduct a study to establish minimum loan thresholds for performing site visits, implement policies and procedures based the results of that study, and perform site visits to help facilitate appropriate liquidation of collateral on defaulted COVID-19 EIDLs in an effort to maximize collections.	8/1/2025	2/9/2026
25-23	8/12/2025	2	Verify all delinquent COVID-19 EIDL obligors are reported to credit bureaus in a timely manner.	8/1/2025	6/30/2026
25-23	8/12/2025	3	Confer with the DOJ to establish a reasonable standard for referral of delinquent COVID-19 EIDLs to the DOJ for litigation.	8/1/2025	2/9/2026
25-24	9/25/2025	4	Ensure written notification of the need for supplemental funds for the disaster loan program is submitted to the appropriate congressional committees as soon as SBA anticipates a funding shortfall, in accordance with 15 USC § 636k(d).	1/7/2026	7/31/2026
25-25	9/29/2025	1	Designate a senior executive to lead the effort to receive a clean audit opinion by granting agencywide authority to issue directives, monitor compliance, and enforce remediation priorities across all program offices.	9/29/2025	—
25-25	9/29/2025	2	Leverage best practices to implement a plan for using consistent, frequent communication to ensure all agency personnel are made aware of the agencywide commitment to obtain an unmodified audit opinion.	9/29/2025	9/8/2025
25-25	9/29/2025	3	Integrate the agencywide goal of remediating the financial statements into SBA's strategic plan and set specific, measurable targets in the agency's annual performance plan.	9/29/2025	9/8/2025

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
25-25	9/29/2025	4	Implement a process to conduct data-driven reviews regularly using defined audit remediation goals to align program leaders' personal performance plans with outcome-based remediation goals to hold leaders accountable for improving program data quality, in accordance with OMB Circular A-11, Part 6.	9/29/2025	3/31/2026

Significant Recommendations From This Reporting Period

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-03	1/21/2026	Independent Auditors' Report on SBA's Fiscal Year 2025 Financial Statements	1	Establish and document a process to generate, save, and securely retain complete data extracts of loan populations and relevant data elements (e.g., loan status, balances) as of the date that management's analyses are performed (such as the fiscal year-end). This process will ensure relevant data is maintained by management to support their analyses for financial reporting purposes.
26-03	1/21/2026	Independent Auditors' Report on SBA's Fiscal Year 2025 Financial Statements	3	Apply consistent accounting treatment of non-performing loans with open agency hold codes.
26-03	1/21/2026	Independent Auditors' Report on SBA's Fiscal Year 2025 Financial Statements	8	Identify and implement a method to improve SBA's ability to demonstrate evidence of adequate support and controls over relevant data elements in a timely manner.
26-03	1/21/2026	Independent Auditors' Report on SBA's Fiscal Year 2025 Financial Statements	10	Finalize and implement the transition plan to respond to resource constraints, which includes establishing the proper delegation of authority for personnel roles and responsibilities, ensuring the agency can properly design and effectively operate entity-level controls throughout the fiscal year.
26-03	1/21/2026	Independent Auditors' Report on SBA's Fiscal Year 2025 Financial Statements	11	Establish an agency-wide oversight body to provide governance, guidance, information and communication over internal control systems and risk management activities.

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Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-04	2/3/2026	Kentucky Small Business Development Center's Compliance With Cooperative Agreement Requirements	1	Review the \$22,504 in unsupported expenses for the contractual invoices and remedy any unallowable costs.
26-04	2/3/2026	Kentucky Small Business Development Center's Compliance With Cooperative Agreement Requirements	2	Ensure the Kentucky Small Business Development Center posts service hours including service center addresses on their website and have visible SBDC signage at service center locations in accordance with the terms and conditions of the award.
26-04	2/3/2026	Kentucky Small Business Development Center's Compliance With Cooperative Agreement Requirements	3	Ensure the Kentucky Small Business Development Center implements a process to ensure all personnel funded by federal grant funds are notified of their whistleblower protection rights in accordance with 41 USC § 4712.
26-04	2/3/2026	Kentucky Small Business Development Center's Compliance With Cooperative Agreement Requirements	4	Review reported client counseling hours for fiscal year 2024 and correct any errors or discrepancies.
26-04	2/3/2026	Kentucky Small Business Development Center's Compliance With Cooperative Agreement Requirements	5	Reconcile capital infusion transaction submissions reported in the fourth quarter of fiscal year 2024 from the Kentucky Small Business Development Center's performance data system with SBA's data collection system to ensure capital infusion transactions are reported correctly.
26-06	2/26/2026	KPMG Management Letter Communicating Matters Relative to SBA's Fiscal Year 2025 Financial Statements Audit	1	Enhance the risk assessment process to include a comprehensive review of all accounting policies and related transactions, specifically to evaluate the impact of SBA's non-GAAP policies on the financial statements. If a non-GAAP policy is identified, assess its impact and determine appropriate corrective actions.
26-06	2/26/2026	KPMG Management Letter Communicating Matters Relative to SBA's Fiscal Year 2025 Financial Statements Audit	2	Enhance monitoring activities to ensure ongoing compliance with GAAP and to promptly identify any non-GAAP policies.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-07	3/11/2026	SBA's Screening of 7(a) Loan Applications Under Its Risk Mitigation Framework	1	Flag the 73,302 7(a) loans for review at guaranty purchase to assess whether borrowers met all eligibility requirements and seek remedy for all loans deemed ineligible.

Significant Management Decisions With Which OIG Disagrees

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

Significant Revised Management Decisions

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

Federal Managers Financial Integrity Act of 1982

OIG's independent auditors, KPMG LLC, reported in the 2025 financial statements audit that SBA managers did not 1) document a comprehensive evaluation of internal control over financial reporting, 2) design or establish a formal internal control program, or 3) ensure that its own assurance process was sufficient to identify material weaknesses and significant deficiencies in addition to those identified by external auditors. Non-compliance with the Federal Managers Financial Integrity Act may lead management to not identify the appropriate risks and controls and may result in incorrect balances in the consolidated financial statement.

This non-compliance was caused by operational challenges that impeded SBA's ability to support effective entity-level controls. At the end of the fiscal year, management was developing a transition plan to prioritize and execute the agency's enterprise risk management process.

Federal Financial Management Improvement Act of 1996

Our independent auditors reported in the 2025 financial statements audit that management did not establish and maintain financial management systems that substantially comply with Federal Financial Management Improvement Act of 1996 requirements. These areas related to control deficiencies over transactions arising from the implementation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and related legislation.

For example, management did not apply consistent accounting treatment over the COVID-19 EIDL and PPP loan programs. Substantial non-compliance with the Federal Financial Management

Improvement Act increases the risk that transactions are incorrectly recorded in the general ledger and that balances in the consolidated financial statement are not accurate.

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	125
Preliminary Case Closing Reports of Investigation	0
Total	125

Persons Referred for Prosecution

Referred to	Number of Investigations
Department of Justice	38
State Attorney	1
Local Attorney	0
Total	39

Pandemic-Related Investigative Statistics

SBA OIG	Investigations	Indictments/Complaints	Arrests	Convictions
PPP/EIDL/RFF/SV*	63	79	56	47
Investment Fraud/Other	14	4	5	5
Total	77	83	61	52

*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 substantiated 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

State	Program Affected*	Total Number of Subjects Sentenced	Combined Total Length of Sentence	Total Restitution Amount
CA	DL	4	30 months, 5 years supervised release	\$275,200
NY	BL	1	2 years supervised release	\$22,302
TX	DL/GC	5	152 months, 12 years supervised release	\$3,104,654
GA	DL/IA	1	14 months, 1 year supervised release	\$503,749
IL	BL/DL	1	3 years supervised release	\$1,704,560
AL	RFF/DL	1	114 months, 3 years supervised release	\$775,374
GA	BL	2	52 months, 8 years supervised release	\$1,359,982
TX	BL	1	2 years supervised release	\$345,600
GA	BL	1	3 years supervised release	\$1,242,356
IA	BL	1	48 months, 2 years supervised release	\$215,093
PA	BL/DL/GC	5	73 months, 10 years supervised release	\$8,790,244
CO	DL	1	78 months, 2 years supervised release	\$2,581,202
CA	DL/BL	1	5 years supervised release	\$1,072,199
TX	BL	1	24 months, 2 years supervised release	\$562,760
TX	BL	1	77 months, 3 years supervised release	\$3,147,187
CA	BL	3	12 months, 4 years supervised release	\$2,604,200
TX	DL/RFF/BL	1	2 years supervised release	\$235,600
IL	DL	1	45 months, 3 years supervised release	\$1,513,494
MD	BL/DL	1	24 months, 3 years supervised release	\$523,600
PA	BL	1	262 months, 3 years supervised release	\$12,314,304
TX	BL	1	8 years supervised release	\$227,342
CA	DL/BL	2	30 months, 6 years supervised release	\$1,247,328
OR	BL/DL	2	240 months, 6 years supervised release	\$129,990,112
UT	BL/DL	4	4 years supervised release	\$400,100
OR	BL/DL	1	3 years supervised release	\$182,525
WA	BL	1	30 months, 6 years supervised release	\$726,900
FL	DL	2	48 months, 6 years supervised release	\$1,171,798

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DC	DL/BL	1	6 months, 3 years supervised release	\$18,100
PA	DL	1	5 years supervised release	\$326,101.50
CA	DL	1	33 months, 2 years supervised release	\$1,211,236
TX	DL/BL	2	10 years supervised release	\$145,058
TX	DL/IA	1	9 months, 2 years supervised release	\$405,340
FL	RFF	1	48 months, 3 years supervised release	\$1,129,933
NC	DL/BL	1	33 months, 2 years supervised release	\$2,262,571
PR	DL/BL	4	275 months, 17 years supervised release	\$4,814,349
AL	BL/GC	2	240 months, 10 years supervised release	\$84,331
UT	DL	1	3 years supervised release	\$10,250
UT	DL/BL	1	15 months, 2 years supervised release	\$225,737
CA	BL	2	55 months, 3 years supervised release	\$1,363,679
FL	BL	1	58 months, 3 years supervised release	\$2,628,874
CO	DL	2	216 months, 3 years supervised release	\$1,070,513
NV	BL	1	5 years supervised release	\$9,077
UT	BL	1	9 years supervised release	\$1,159,260
AK	DL/BL	1	3 years supervised release	\$109,204
AK	DL/BL	1	240 months, 3 years supervised release	\$2,628,874
MT	DL	1	5 years supervised release	\$112,971
UT	BL	2	36 months, 4 years supervised release	\$874,660
OR	DL/BL	1	2 years supervised release	\$338,174
MI	DL	1	5 months, 3 years supervised release	\$6,353
FL	DL	1	30 months, 3 years supervised release	\$502,888
CA	DL	1	4 months, 3 years supervised release	\$24,559
OR	DL	1	2 years supervised release	\$350,100
TN	DL/BL	2	48 months, 3 years supervised release	\$255,150
FL	DL/BL	1	45 months, 3 years supervised release	\$591,138
GA	DL	1	87 months, 3 years supervised release	\$341,164
CA	GC	2	66 months, 6 years supervised release	\$30,200

*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
RFF	=	Restaurant Revitalization Fund
IA	=	Internal Affairs
OT	=	Other

Appendix F: External Peer Reviews

Section 405(b) of the IG Act requires offices of inspector general 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 Railroad Passenger Corporation OIG for the period ending March 31, 2024. SBA OIG received a peer review rating of pass.

Similarly, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) 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 2023, our Audits Division underwent a Blue Book peer review conducted by the Board of Governors of the Federal Reserve System OIG. SBA OIG generally met Blue Book standards.

Investigations Division

Section 406(f)(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 May 2023, Treasury OIG reviewed our Investigations Division and issued a final report on June 6, 2023. Treasury 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 G: 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
404(a)(2)	Review of legislation and regulations	Other Significant OIG Activities
405(b)(1)	Significant problems, abuses, and deficiencies	Throughout
405(b)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	Significant Recommendations From This Reporting Period
405(b)(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
405(b)(4)	Matters referred to prosecutive authorities	Legal Actions Summary
406(c)(2)	Instances in which requested information was refused	N/A
405(b)(6)	List of audit, inspection, and evaluation reports	Reports Issued; Reports With Questioned Costs
405(b)(7)	Significant reports	Throughout
405(b)(8),(9) & (17)	Audit, inspection, and evaluation statistical tables	Statistical Highlights

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405(b)(9)	Audit, inspection, and evaluation statistical tables with recommendations that funds be put to better use	Statistical Tables With Recommendations That Funds Be Put to Better Use
405(b)(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
405(b)(11)	Revised management decisions	Significant Revised Management Decisions
405(b)(12)	Management decisions with which the Inspector General disagrees	Significant Management Decisions With Which OIG Disagrees
405(b)(13)	Information described under section 05(b) of the Federal Financial Management Improvement Act of 1996	Federal Financial Management Improvement Act
405(b)(14)–(16)	Peer review results	External Peer Reviews
405(b)(17)–(18)	Investigative statistical tables and supporting metrics	Investigations Reporting Statistics
405(b)(19)	Investigations involving a senior government employee where allegations of misconduct were substantiated	Investigations Involving a Senior Government Employee Where Misconduct Was Substantiated
405(b)(20)	Whistleblower retaliation	Whistleblower Retaliation Cases
405(b)(21)	Attempts to interfere with the independence of OIG	Instances of Interference
405(b)(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.*

Visit our [OIG Hotline website](#).

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 the Inspector General Act of 1978, codified as amended at 5 USC 407 and 420(b)(2)(B), confidentiality of a complainant's personally identifying information is mandatory, absent express consent by the complainant authorizing the release of such information.