Semiannual Report to Congress

April 1, 2026 – September 30, 2026



Message From the Inspector General

October 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) Fall 2026 Semiannual Report to Congress. This report summarizes OIG's activities from April 1, 2026, through September 30, 2026. Our oversight work this reporting period has identified millions of dollars in funds at risk or paid to ineligible borrowers and has recovered tens of millions of dollars for the taxpayer.

As we relentlessly pursue perpetrators of pandemic-era fraud, we are simultaneously deploying our law enforcement resources to safeguard SBA's traditional lending and contracting portfolios. OIG does not merely advocate for a zero-tolerance approach to fraud — we enforce it. By combining advanced data analytics with rigorous investigative fieldwork, we are identifying and dismantling criminal networks across all SBA programs to ensure swift criminal accountability for bad actors and to protect the federal capital rightfully owed to America's honest Main Street entrepreneurs.

This period marked the launch of Operation NO DOZE, a targeted, nationwide law enforcement surge designed to aggressively root out complex criminal schemes within the Paycheck Protection Program (PPP) and COVID-19 Economic Injury Disaster Loan (EIDL) program. Taxpayers rightfully expect us to recover stolen funds, and our agents are working tirelessly to uncover abuses and return money to the U.S. Department of the Treasury. To those who stole from the American taxpayer: The passage of time does not diminish our commitment to accountability. We know who you are, we know where you live, and we will hold you accountable.

Collaboration remains essential in accomplishing this mission. Real accountability requires a whole-of-government approach. With our active leadership on the White House Task Force to Eliminate Fraud and our partnership with the U.S. Department of Justice's 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 and fostering collaboration to aggressively intercept stolen federal funds and dismantle criminal networks.

OIG Accomplishments this Period

Reports	11
Recommendations	54
Dollar Accomplishments	$165M

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 April through September 2026, OIG issued 11 audit reports with 54 recommendations to improve SBA operations and mitigate fraud and unnecessary losses in agency programs. We also questioned approximately $17 million in costs from our oversight reviews. In addition, OIG investigations resulted in 128 indictments, 77 convictions, and over $148 million in dollar accomplishments — bringing our total monetary accomplishments to over $165 million.

Listed below are significant reviews and investigation findings from this semiannual period:

- Our management advisory assessed efforts to comply with federal Super Intelligence directives, including requirements for governance, transparency, and oversight. The review concluded that although SBA had taken initial steps toward compliance, improvements were needed in its strategy, governance policies, and identification of high-impact uses.
- Our evaluation of oversight reports across the government identified recurring deficiencies in the federal contracting community's ability to interpret the requirements of SBA's limitation on subcontracting rule, apply them consistently, and monitor and enforce compliance throughout the life of a contract. As a result of the evaluation, SBA management committed to revising its regulations to ensure consistent interpretation, application, and enforceability of the rule.
- A government contractor and two executives agreed to pay $21.3 million to settle False Claims Act allegations that they improperly obtained federal contracts set aside for service-disabled veteran-owned and other small businesses.

The nation can depend on SBA OIG to provide independent, objective, and timely oversight. Our highly engaged workforce of special agents, auditors, data analysts, and support staff will continue to give taxpayers a significant return on investment by relentlessly rooting out fraud, waste, and abuse in SBA programs.



William W. Kirk
Inspector General

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.

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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. As of September 2025, the agency's guaranteed loan portfolio totaled about $145.6 billion.

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.

The following summarizes our audit and investigative work this period.

Evaluations



SBA's 7(a) Loan Guaranty Purchase Denial Review Process (Report 26-12)

We reviewed SBA's final decisions for 7(a) loan guaranty purchases previously recommended for repair or denial to determine whether they were appropriate to ensure program integrity and mitigate financial loss. We found that SBA's final decisions did not always achieve these goals. The agency made final decisions on 16 of the 32 loans we reviewed without sufficient evidence to support its decisions, resulting in about $11.5 million in potentially improper payments. While SBA improved its timeliness in making final loan review decisions, it could still further enhance its decision-making timeline to better mitigate financial loss. For example, the agency did not seek repair or denial for 13 loans, totaling about $5.4 million, because the statute of limitations expired. SBA did not pursue administrative offset for these 13 loans, which could have allowed the agency to collect on the loan guaranties owed by lenders. We made six recommendations to enhance internal controls to promote program integrity and mitigate the risk of improper payments. Management agreed with three of our recommendations and partially agreed with three. Their planned actions resolve all recommendations, which can be closed when they provide evidence of implementation.

Access this evaluation on the SBA OIG Reports site.



Small Business Lending Companies' Performance in the 7(a) Loan Program and SBA's Oversight (Report 26-14)

We reviewed the performance of Small Business Lending Companies (SBLC) in the 7(a) loan program and SBA's oversight of them to ensure program integrity and mitigate financial loss. We found that SBA could improve SBLCs' 7(a) loan portfolio performance and its oversight of these lenders. Our analysis of 7(a) loans approved and disbursed from fiscal years (FY) 2016 to 2023 identified that these loans significantly underperformed in terms of default rates compared to loans made by other lender types. Additionally, early defaults increased substantially for loans made by SBLCs during this same period.

While SBA monitored SBLCs' 7(a) loan portfolio performance, it did not sufficiently assess the root cause of the loan portfolio underperformance in terms of default rates to mitigate the risk of the loans continuing to underperform. In addition, although SBA reviewed SBLCs' compliance with program requirements, these lenders continued to have repeated categories of deficiencies across multiple years. SBA's monitoring procedures were not sufficient to ensure SBLCs implemented appropriate corrective actions to mitigate the risk of similar future loan deficiencies and financial loss. We also noted that SBA had not conducted safety and soundness examinations of SBLCs since April 4, 2023, because of contractual issues. Insufficient oversight of SBLCs increases the risk of financial loss and could negatively impact program integrity. We made three recommendations to improve 7(a) loan portfolio performance and SBA's oversight of SBLCs. Management agreed with two of our recommendations and partially agreed with one recommendation and their planned actions satisfy the intent of all three recommendations.

Access this evaluation on the SBA OIG Reports site.

Notable Investigations

New York Man Sentenced to 24 Months for Defrauding the Paycheck Protection Program and 7(a) Loan Program of Over $6 Million

A New York man was sentenced to 24 months of incarceration, followed by 36 months of supervised release, and ordered to pay over $6 million in restitution. The man owned a network of business entities that received over $6 million in Paycheck Protection Program (PPP) and 7(a) loans. The man submitted loan applications on behalf of these businesses that contained false information and fraudulent supporting documents. The investigation determined that the man participated in a conspiracy to defraud banks, lenders, and SBA of loan proceeds obtained through the PPP and 7(a) Program.

A San Fernando Man Pleads Guilty to Defrauding $4.8 Million in SBA 7(a) Loans

A Southern California man pled guilty to wire fraud and transactional money laundering after submitting at least 15 fraudulent Economic Injury Disaster Loans (EIDL), 9 fraudulent PPP loans, 2 fraudulent Restaurant Revitalization Fund (RRF), and 8 fraudulent 7(a) loan applications totaling over $4.8 million.

The defendant worked as part of a larger scheme involving 14 individuals who were arrested in connection with a fraudulent loan scheme in which they allegedly obtained more than $25 million through SBA's PPP, EIDL, and other federal funding programs.

Four Sentenced in Pennsylvania in SBA CARES Act and 7(a) Program Case

Four Pennsylvania individuals were collectively sentenced to 39 months of incarceration and ordered to pay over $5.7 million in restitution for their role in defrauding SBA's 7(a), PPP, and EIDL programs. The co-conspirators applied for SBA 7(a), PPP, and EIDLs on behalf of their respective businesses that were dormant companies or companies with limited business operations. The co-conspirators created fake documents, including fake bank statements and fictitious tax documents.

Leader of Multi-Million Dollar Pandemic Relief and Tax Fraud Ring Sentenced

A Texas woman was sentenced to 121 months of incarceration and 5 years of supervised release, and she was ordered to pay $4,747,220.62 in restitution for conspiring to defraud the federal government's pandemic relief programs. In her leadership role in a multi-million dollar PPP fraud scheme, she orchestrated an extensive conspiracy involving 14 co-defendants to secure fraudulent COVID-19 relief funds. She and her co-conspirators utilized fabricated Internal Revenue Service (IRS) tax filings, inflated business revenues, and falsified bank records to secure millions in forgivable loans for sham businesses.

Interagency Team Dismantles $17.9 Million COVID Relief Fraud Mill

A Maryland man was convicted along with 10 Baltimore-area fraudsters on federal charges of wire fraud, conspiracy, and bribery. Two of the fraudsters were collectively sentenced to 39 months of incarceration and ordered to pay over $1.2 million in restitution.

The ringleader of the fraud network owned a financial services company he used to assist clients seeking to file fraudulent PPP and EIDL loans. His co-conspirator was an accountant and tax preparer who used his expertise to create fraudulent documents to submit with the loan applications, including false IRS documents. The pair enabled loan recipients to receive over $14.8 million in 85 PPP loans for businesses that were essentially ineligible and nonfunctional, and over $3 million in 57 EIDL loans. The accountant received kickbacks of between 2 and 5 percent of each loan amount. The financial advisor received kickbacks of as much as 30 percent.

Pennsylvania Father and Son Sentenced as Part of an $11.5 Million CARES Act Fraud Scheme

A Pennsylvania man, his son, and two other co-conspirators were sentenced for their roles in filing 120 fraudulent loan applications for over $11 million in PPP loans and EIDLs. The owner was sentenced to 120 months of incarceration; his son was sentenced to 96 months of incarceration; a third defendant was sentenced to 46 months of incarceration; and the fourth defendant was sentenced to 2 years of supervised release. The four defendants were ordered to pay over $11 million in restitution.

Luxury Cars Seized, Freedom Forfeited: Suburban Chicago Man Sentenced for $3.3 Million COVID Relief Scam

An Illinois man was sentenced to 78 months of incarceration and 36 months of supervised release for orchestrating a scheme to fraudulently obtain more than $3.3 million in COVID-19 relief funds. The fraudulent paperwork for the PPP and EIDL program contained fabricated information regarding gross revenues, payroll expenses, and employee counts for companies he controlled. He illegally used the illicit proceeds to fund luxury vehicle purchases, including a Lamborghini, Maserati, Land Rover, and Porsche, which the government has seized.

Alaska Woman Sentenced for Defrauding SBA of $1.8 Million in CARES Act Funds

An Alaska woman was sentenced to 46 months of incarceration, 36 months of supervised release, and ordered to pay over $900,000 in restitution after pleading guilty to wire fraud and aggravated identity theft. The woman made false statements about her criminal history, number of employees, and average monthly payroll; she also provided fabricated IRS and other supporting documentation on her PPP applications. She also used SBA funds to cover payroll for these businesses, purporting the individuals were her employees.

Missouri Man Indicted in Massive $55 Million COVID-19 Loan Fraud Scheme Targeting SBA Relief Programs

A Missouri man was indicted for his alleged leadership role in a massive pandemic relief scheme. The indictment was publicly unveiled as a cornerstone case of Operation NO DOZE, a major summer enforcement surge coordinated by the U.S. Department of Justice's National Fraud Enforcement Division, SBA, and SBA's Office of Inspector General. Investigative findings revealed that he allegedly engineered a sweeping fraud scheme by submitting 29 fraudulent PPP and EIDL applications under the names of 19 purported small businesses. Prosecutors allege that he fabricated details regarding business ownership, gross revenues, and staffing to claim over $55 million in fraudulent funds, successfully pocketing approximately $820,000 of those funds.

Utah Men Charged With Defrauding SBA and IRS of Over $5.5 Million

Two Utah men were charged with conspiring to steal over $5.5 million from the IRS and SBA through a fictitious payroll and bank fraud scheme. A third defendant previously pled guilty. The defendants secured two properties with illegal proceeds from $2.5 million in a 7(a) loan and $1.6 million in PPP loans. The investigation revealed the men fabricated new employees at their businesses to qualify for wage credits authorized by the IRS. Their respective businesses included as employees each other's family members who did not work for these businesses, including one co-conspirator's twin children, who were 2 years old at the time.

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: 1) home disaster loans, 2) business disaster loans, 3) EIDLs, and 4) military reservist EIDLs.

The following summarizes our audit and investigative work this period.

Audit and Evaluation



SBA's Handling of Disaster Assistance Loan Real Estate Foreclosures (Report 26-11)

We reviewed SBA's foreclosure process from when a loan is placed in liquidation. We found that opportunities exist for SBA to maximize recovery on real estate foreclosures. Specifically, the agency abandoned pursuing foreclosure on real estate collateral for 72 properties in which the recoverable value exceeded the foreclosure threshold, unnecessarily increased some borrowers' principal loan balances by an average of $525, and did not have controls in place to prevent the sale of real estate collateral to SBA employees, vendors, or their close relatives and associates. By not pursuing foreclosure on the 72 identified properties, SBA missed an opportunity to potentially recover $3.7 million. We made five recommendations for SBA to maximize recovery of real estate collateral and strengthen internal controls in its real estate foreclosure process. The agency disagreed with three recommendations, agreed with one, and partially agreed with one.

Access this audit on the SBA OIG Reports site.



Analysis of SBA's Fiscal Year 2025 Disaster Assistance Program Data (Report 26-13)

We reviewed SBA disaster assistance response data for FY 2025 across the 10 SBA regions, focusing on the types of declarations and disasters, volume of loan applications, timeliness of loan application processing, and disbursement of loans.

We found that SBA administered the disaster assistance loan program consistently across the nation. There were 476 disaster declarations issued nationwide in FY 2025. SBA received 132,966 original disaster loan applications and approved 30,080 disaster loans totaling $3.6 billion. As of January 13, 2026, the agency had disbursed $1.7 billion (47 percent) of those approved loans. Using OIG's methodology, we determined the overall processing time for FY 2025 disaster loan applications averaged only 15 days. We did not make any recommendations in this report, and SBA did not provide official comments.

Access this evaluation on the SBA OIG Reports site.

Notable Investigations

Former SBA Employee Sentenced to 78 Months and Ordered to Pay over $3.2 Million in Restitution for Defrauding the SBA EIDL Program

A Georgia woman was sentenced to 78 months of incarceration, 36 months of supervised release, and ordered to pay over $3.2 million in restitution. The woman worked as a loan officer at SBA and used her position to recruit clients on social media, instructing them to apply for EIDL Targeted Advances and Supplemental Targeted Advances. She accessed SBA databases to approve at least 442 fraudulent TAs and STAs totaling over $3.2 million in exchange for a fee. She also asked applicants to recruit others in exchange for a referral fee.

New Hampshire Man Sentenced for Misusing CARES Act Funds to Purchase a Golf Course

A New Hampshire man was sentenced to 15 months of incarceration, 36 months of supervised release, and ordered to pay over $1.1 million in restitution. He pled guilty to one count of wire fraud for fraudulently obtaining over $1 million in SBA EIDLs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. He certified the loan proceeds would be used solely as working capital but instead diverted roughly $600,000 in EIDL funds to help purchase a golf course. He also misused EIDL funds to pay off a personal loan.

Los Angeles Man Sentenced for Fraud Scheme Targeting Disaster Aid for Victims of the Palisades Fire

A Los Angeles man was sentenced to 12 months of incarceration, 36 months of supervised release, and ordered to pay over $65,000 in restitution for his role in a scheme to defraud SBA's EIDL program. The man filed a fraudulent claim for benefits related to California's Palisades fire and falsely received government funds connected to a major disaster.

Contracting and Counseling Programs

The U.S. government is the largest single purchaser of goods and services in the world, awarding over $790 billion in prime contracts annually. 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 at least 5 percent each 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, including 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 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 aid existing and prospective small businesses through services offered by grant recipients. Among these recipients 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.

Verification Inspection, Audit and Evaluation



SBA's Mentor-Protege Program (Report 26-16)

We conducted a verification inspection of SBA's corrective actions for four recommendations from OIG's *Evaluation of SBA's All Small Mentor-Protege Program* to determine whether SBA continued to practice corrective actions implemented from the recommendations. In November 2020, the 8(a) Mentor-Protege Program and the All Small Mentor-Protege Program merged into one SBA Mentor-Protege Program (MPP). The merger made it easier for more experienced companies (mentors) to help eligible small businesses (proteges) by providing guidance on accounting, marketing, manufacturing; federal contract bidding, as well as financial assistance in the form of equity investments and loans. We found that SBA did not implement effective controls to ensure it conducted initial application reviews and annual evaluations to fully align with program regulations and reopened one recommendation. Management agreed with reopening Recommendation 2, and the agency's comments are responsive to the recommendation.

Access this inspection on the SBA OIG Reports site.



SBA's Oversight of the Small Business Development Center Program (Report 26-18)

We determined whether SBA provided effective oversight of the SBDC program to ensure statutory, regulatory, and agency requirements were met. This was the third and final report in our series of engagements on the SBDC program. We previously issued inspection reports on the New Jersey and Kentucky SBDCs (Reports 25-17 and 26-04), which assessed compliance with cooperative agreement requirements.

We found program officials could enhance financial reporting, such as establishing reasonable timelines for providing biennial financial examination results. SBA officials could also ensure that SBDCs submit timely and accurate payment requests, as well as increase the accuracy and completeness of the data used to assess program outcomes and better align spending with demonstrated performance results. We also identified opportunities for SBA to enhance how it tracks client services in rural areas. We made five recommendations for SBA to enhance and enforce financial oversight, mitigate risks related to program performance, and strengthen program integrity. SBA management partially agreed with all five recommendations.

Access this audit on the SBA OIG Reports site.



Consolidated OIG Findings on Subcontracting Limitation Concerns for Set-Aside Awards (Report 26-19)

We reviewed eight offices of inspector general reports issued in the past 5 years across the government that identified recurring deficiencies in the ability of federal agency officials and businesses competing for contracts to interpret the Limitation on Subcontracting rule requirements, apply them consistently, and monitor and enforce compliance throughout the life of a contract. SBA established the Limitation on Subcontracting regulations to prevent large firms from using small businesses as pass-through entities and thereby diverting these benefits away from their intended recipients.

We found that SBA's corrective actions did not effectively strengthen its compliance controls, and that SBA's own internal review identified critical contract terms that were often missing or unenforced for reporting on subcontracted amounts. As a result, confusion over roles and responsibilities, compliance gaps, and challenges contracting officers faced in performing key oversight tasks increased the risk that schemes involving ineligible businesses benefiting from contracts intended for small businesses would go undetected. We made four recommendations to clarify regulations to improve monitoring and enforcement, strengthen compliance through training, reinforce use of available tools, and coordinate with the General Services Administration to assign oversight roles and responsibilities. SBA management agreed with three recommendations and partially agreed with one.

Access this evaluation on the SBA OIG Reports site.

Notable Investigations

Government Contractor and Executives to Pay $21.3 Million to Resolve Fraud Scheme Involving Service-Disabled Veteran-Owned Small Business Contracts

A government contractor and two executives agreed to pay $21.3 million to resolve False Claims Act allegations that they improperly captured federal contracts reserved for service-disabled veteran-owned small businesses (SDVOSB) and other small businesses. The investigative findings revealed a coordinated, multi-year pass-through scheme running from approximately April 2017 through May 2025. Although the executives did not qualify as service-disabled veterans, the defendants submitted bids in the names of purported small businesses using teaming agreements and mentor-protege structures while the personnel retained primary control over project execution, staffing, financial administration, and payroll. The settlement highlighted that the pass-through entities typically received a nominal, fixed payment of 1 to 3 percent of the total contract value, while the remaining revenues flowed directly to the ineligible main contractors.

Navy Employee Sentenced for Defrauding SBA 8(A) Contracting Program and Filing False Tax Returns in Exchange for Expensive Sports Tickets and Luxury Meals

A California man was sentenced to 72 months of incarceration and 36 months of supervised release, ordered to forfeit over $209,000, and required to pay over $18,500 in restitution after pleading guilty to two counts of conspiracy to defraud the United States and one count of fraud and false statement in a tax return. The Navy employee exploited sole source contracting through SBA's 8(a) program to steer government contracts to the 8(a) company or other defense contractors. In exchange, the employee received expensive sports tickets, including tickets to the MLB All-Star game, World Series, and NFL Super Bowl. He also received expensive meals and employment opportunities for his family members.

Agency Management

OIG coordinates with SBA's Office of the Chief Financial Officer and 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, super intelligence, information technology (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, Management Advisory, and Evaluations



Independent Auditors' Report on SBA's Fiscal Year 2025 Compliance With the Payment Integrity Information Act of 2019 (Report 26-09)

Our auditors found that SBA was not compliant with reporting requirements under the Payment Integrity Information Act of 2019 or Office of Management and Budget (OMB) guidance. Specifically, SBA reported improper and unknown payment rate estimates exceeding 10 percent for PPP Loan Forgiveness, PPP Loan Guaranty Purchases, and Shuttered Venue Operators Grants. PPP Loan Forgiveness and PPP Loan Guaranty Purchases entered their second consecutive year of noncompliance, and the required program integrity proposals were absent from SBA's Congressional Budget Justification.

SBA's FY 2025 processes did not fully address requirements to perform or document updated risk assessments for all applicable programs or ensure disclosure of published root causes and reduction targets.

We made nine recommendations to reduce improper payments and ensure program integrity. SBA management concurred with all nine and proposed corrective actions that, if implemented, will provide a basis for closure of the recommendations.

Access this audit on the SBA OIG Reports site.



Fiscal Year 2025 Federal Information Security Modernization Act (Report 26-10)

We evaluated SBA's information security program in accordance with the Federal Information Security Modernization Act (FISMA) and found it has defined policies, but the agency has not consistently implemented them, falling short of the OMB rating for effective security controls. SBA fell below the baseline for effective controls in 9 of the 10 domains. FISMA domains are metrics used to assess the effectiveness of an agency's information security program. SBA made progress in 1 of the 10 domains, incident response, which was rated as optimized, exceeding the baseline for effective security controls. SBA regressed in three other domains: information security and continuous monitoring, identity and access management, and risk and asset management.

This fiscal year there are 17 new recommendations to improve SBA's IT security program. Additionally, the agency continues to make progress on implementing 13 open recommendations from 4 prior evaluations. Managers agreed with the findings and proposed corrective actions that resolved all recommendations.

Access this evaluation on the SBA OIG Reports site.



SBA's Progress on Implementing Federal Artificial Intelligence Requirements (Report 26-15)

We reviewed SBA's implementation of recent federal requirements on AI.[1] Several recent executive orders and OMB memos direct the use of AI in the federal government to promote human objectives, economic competitiveness, and national security. SBA intends to use artificial intelligence (AI) in a variety of ways, including fraud detection in disaster loan programs and in support of SBA's monitoring of 8(a) participants whose program eligibility depends on compliance with 8(a) requirements.

As of April 30, 2026, the end of our review, we found that SBA had taken initial steps to comply with AI directives, including appointing a Chief AI Officer and making public most instances of its planned and active use of AI. However, the agency could improve its IT management and transparency by developing an AI strategy and governance policies in accordance with OMB requirements. The agency has not implemented a process to identify high impact uses, such as when AI could be used as a principal basis for decisions or actions that have a legal or significant

[1] OIG Report 26-15 precedes Executive Order 14434, *Inaugurating the Era of Super Intelligence.*

effect on rights such as loan approvals or flagging applications for fraud. Without a comprehensive AI strategy with an active governing board, SBA could deploy or rely on AI tools without sufficient oversight, transparency, or safeguards.

We made six recommendations for SBA to oversee AI implementation and governance, make the AI strategy and compliance plan publicly available, and establish a process to evaluate and update SBA's internal policies and procedures on IT infrastructure, data, privacy, and cybersecurity.

SBA management agreed with all of them and proposed corrective actions that met the intent of our recommendations. These recommendations are resolved and can be closed when SBA management provides evidence that it has implemented the planned actions.

Access this management advisory on the SBA OIG Reports site.



Fiscal Year 2025 Risk Assessment of SBA's Charge Card Programs (Report 26-17)

We evaluated the internal controls within SBA's purchase card and travel card programs to assess the risk of illegal, improper, and erroneous charges, and to decide if further auditing is warranted. We found the overall risk of illegal, improper, or erroneous purchase card charges was low. Controls over the program were generally operating effectively, and we did not identify a need for a further audit of the program. However, we identified opportunities for SBA to strengthen the program.

We were unable to assess the risk of SBA's FY 2025 travel card program because the underlying data was not sufficiently reliable for our risk assessment. SBA managers should work with the General Services Administration and its bank vendor to develop a reporting capability that accurately and consistently records travel card transaction data.

We made six recommendations to improve SBA's charge card programs. SBA management agreed with all of them, and the agency's planned actions met the intent of the recommendations.

Access this evaluation on the SBA OIG Reports site.

Other Significant OIG Activities

Background Investigations

During this reporting period, OIG initiated 4 background investigations, issued 15 security clearances for OIG employees and contractors, and adjudicated 3 background investigative reports.

Stakeholder Presentations on Fraud Awareness

During this reporting period, OIG held 87 presentations for internal and external stakeholders to raise awareness of fraud, waste, and abuse related to SBA programs. More than 3,576 participants attended these events.

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

OIG reviews SBA's proposed changes to program directives, including regulations, standard operating procedures, policy notices, and public-facing forms. When our reviews identify significant weaknesses, we recommend changes to promote economy and efficiency and to help prevent and detect fraud and abuse in SBA programs and operations. During this reporting period, OIG reviewed 64 proposed revisions to program directives.

OIG Hotline

Offices of inspector general operate hotlines that accept complaints from anyone who suspects fraud, waste, abuse, or gross mismanagement involving an agency or its programs, whether by employees, contractors, or the public. Hotline complaints may lead to corrective actions, audits, or administrative, civil, or criminal investigations.

Our OIG Hotline staff reviews complaints and monitors matters referred to SBA program offices for action. This ensures that the agency follows up promptly, adequately resolves allegations, and documents any corrective actions.

Serving Taxpayers

OIG's Hotline team uses data analytics to review and sort complaints. We address each complaint received via online submissions to SBA's OIG website, email, and posted mail as well as referrals from lenders and other agencies.

During this semiannual period, the OIG Hotline received more than 8,659 complaints of loan fraud and abuse, identity theft, contract fraud, and problems with SBA's customer service.

Hotline

Current Period
April 1, 2026 to September 30, 2026

Paycheck Protection Program	5,069
Economic Injury Disaster Loan	627
Other*	2,963
Total	**8,659**

*Includes complaints not yet processed or categorized

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, two divisions assist in carrying out the statutory responsibilities of OIG: the Audits Division and Investigations Division. These divisions are supported by the Office of the Counsel to the Inspector General, the Office of Technology Solutions, the Office of Administration, and Executive Services.

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. The 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 IT 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 review allegations of waste, fraud, abuse, and gross 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.

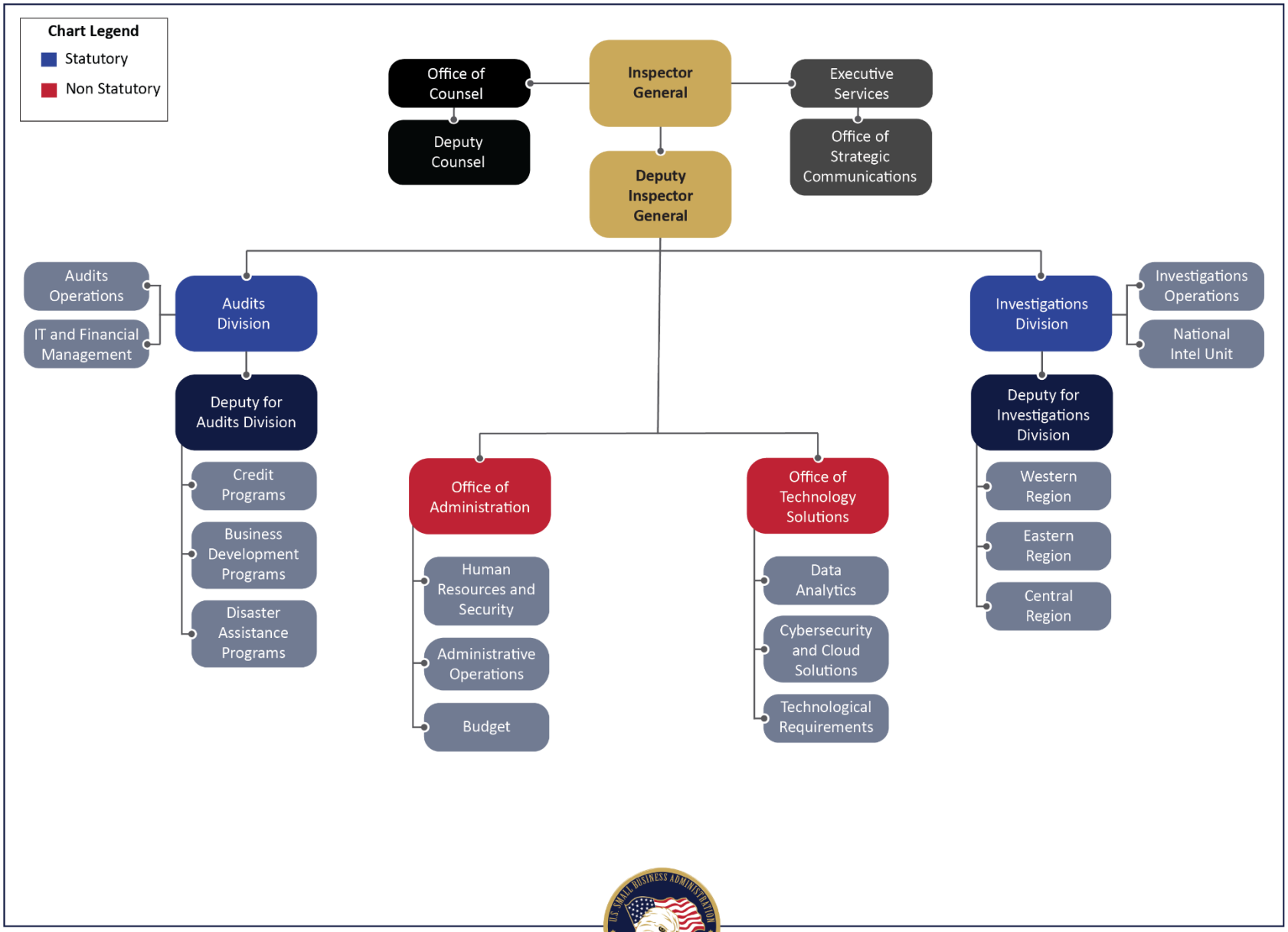
The National Disaster Program identifies fraud trends and develops investigative leads associated with the SBA pandemic assistance and disaster assistance loan programs working in coordination with OIG Investigations, Audits, and Technology Solutions divisions, SBA, U.S. Department of Justice, and external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

The Office of Technology Solutions 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, AI, and machine learning for the benefit of American small businesses and entrepreneurs.

The Office of Administration 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 to the Inspector General 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. Its 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.


Chart Legend
Statutory
Non Statutory
Office of Counsel
Deputy Counsel
Inspector General
Deputy Inspector General
Executive Services
Office of Strategic Communications
Audits Operations
IT and Financial Management
Audits Division
Deputy for Audits Division
Credit Programs
Business Development Programs
Disaster Assistance Programs
Office of Administration
Human Resources and Security
Administrative Operations
Budget
Office of Technology Solutions
Data Analytics
Cybersecurity and Cloud Solutions
Technological Requirements
Investigations Operations
National Intel Unit
Investigations Division
Deputy for Investigations Division
Western Region
Eastern Region
Central Region

Appendices

Appendix A: Reporting Period Statistical Highlights

Summary of OIG Dollar Accomplishments

Dollar Accomplishments as a Result of Investigations and Related Activities	Total
Potential Investigative Recoveries and Fines (criminal/civil)	$81,698,491
Other Recoveries (e.g., repayment of funds, cost avoidance, voluntary return, administrative seizures/civil settlements/qui tam with partner law enforcement agencies)	$57,976,287
Asset Forfeitures Attributed to OIG Investigations	$8,073,140
Loans/Contracts Not Approved or Canceled as a Result of Investigations	$1,035,467
Investigations Subtotal	$148,783,385
Dollar Accomplishments as a Result of Audit Activities	**Total**
Disallowed Costs Agreed to by Management	$16,924,709
Recommendations that Funds Be Put to Better Use Agreed to by Management	$0
Audit Subtotal	$16,924,709
Total OIG Dollar Accomplishments	$165,708,904

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

Reports Issued	11
Recommendations Issued	54
Dollar Value of Questioned Costs	$16,924,709
Dollar Value of Recommendations That Funds Be Put to Better Use	$0
Recommendations With Management Decisions	54
Recommendations Without a Management Decision	0
Collections as a Result of Questioned Costs	$0

Indictments, Convictions, and Case Actions

Indictments From OIG Cases	128
Convictions From OIG Cases	77
Cases Opened	76
Cases Closed	60

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	64
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	2

Appendix B: Full-Year Statistical Highlights, FY 2026

Summary of OIG Dollar Accomplishments

Dollar Accomplishments as a Result of Investigations and Related Activities	Total
Potential Investigative Recoveries and Fines	$277,867,814
Other Recoveries (e.g., repayment of funds, cost avoidance, voluntary return, administrative seizures/civil settlements/qui tam with partner law enforcement agencies)	$96,065,291
Asset Forfeitures Attributed to OIG Investigations	$18,387,235
Loans and Contracts Not Approved or Canceled as a Result of Investigations	$1,047,167
Investigations Subtotal	$393,367,507
Dollar Accomplishments as a Result of Audit Activities	**Total**
Disallowed Costs Agreed to by Management	$32,031,730,255
Recommendations That Funds Be Put to Better Use Agreed to by Management	$0
Audit Subtotal	$32,031,730,255
Total OIG Dollar Accomplishments	$32,425,097,762

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

Reports Issued	19
Recommendations Issued	67
Dollar Value of Questioned Costs	$32,031,730,255
Dollar Value of Recommendations That Funds Be Put to Better Use	$0
Recommendations With Management Decisions	67
Recommendations Without Management Decisions	0
Collections as a Result of Questioned Costs	$0

Indictments, Convictions, and Case Actions

Indictments From OIG Cases	211
Convictions From OIG Cases	129
Cases Opened	151
Cases Closed	198

SBA Personnel Actions Taken as a Result of Investigations

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	106
Comment Memoranda Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	2

Appendix C: Reports Issued

Agency Management

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Fiscal Year 2025 Federal Information Security Modernization Act	26-10	5/19/2026	—	—
SBA's Progress on Implementing Federal Artificial Intelligence Requirements	26-15	9/24/2026	—	—
Fiscal Year 2025 Risk Assessment of SBA's Charge Card Programs	26-17	9/29/2026	—	—
Program Subtotal	3	—	—	—

Contracting and Counseling Programs

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's Mentor-Protege Program	26-16	9/24/2026	—	—
SBA's Oversight of the Small Business Development Center Program	26-18	9/29/2026	—	—
Consolidated OIG Findings on Subcontracting Limitation Concerns for Set-Aside Awards	26-19	9/30/2026	—	—
Program Subtotal	3	—	—	—

Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's 7(a) Loan Guaranty Purchase Denial Review Process	26-12	8/27/2026	$16,924,709	—
Small Business Lending Companies' Performance in the 7(a) Loan Program and SBA's Oversight	26-14	9/17/2026	—	—
Program Subtotal	2	—	$16,924,709	—

Disaster Assistance

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Inspection of SBA's Controls to Review Disaster Loan Applications Flagged by Risk Verification	26-09	5/15/2026	—	—
SBA's Handling of Disaster Assistance Loan Real Estate Foreclosures	26-11	6/23/2026	—	—
Analysis of SBA’s Fiscal Year 2025 Disaster Assistance Program Data	26-13	9/17/2026	—	—
Program Subtotal	3	—		—

Appendix D: Reports, Recommendations, and Management Decisions

Reports From Prior Periods With Overdue Management Decisions

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

Reports From Prior Periods With Open Recommendations as of September 30, 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
22-19	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 (RRF) Recipients	9/29/2023	5	$3,528,709,751

Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
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	5	—
24-09	SBA's Restaurant Revitalization Fund Program Award Practices	3/26/2024	5	$6,465,832,231
24-10	SBA's IT Investment Governance Framework	3/29/2024	1	—
24-16	Independent Auditors' Report on SBA's Fiscal Year 2023 Compliance with the Payment Integrity Information Act (PIIA) of 2019	5/15/2024	6	—
24-20	SBA's Guaranty Purchases for Paycheck Protection Program Loans	7/9/2024	7	—
24-23	SBA's Oversight of HUBZone Program Participants' Continuing Eligibility	8/15/2024	2	—
25-04	SBA's Oversight of Non-Bank Lenders and Third-Party Service Providers Associated with PPP Loans	11/13/2024	6	—
25-05	Oversight of FY 2024 Financial Statements Audit	11/15/2024	19	—
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	—

Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
25-11	Undetected Vulnerabilities from Personally Owned Devices	4/22/2025	1	—
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	5	—
25-14	Eligibility of PPP Loans Exceeding Maximum Size Standards	5/1/2025	2	$342,722,938
25-19	Hurricane Helen-Initial Disaster Assistance and Recovery Response	6/17/2025	1	—
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	$1.409,106,858
25-23	SBA's Collection Efforts on Delinquent COVID-19 EIDLs	8/12/2025	1	—
25-24	SBA's Processes to Forecast and Request Appropriation Dollars for its Disaster Loans Program Account	9/25/2025	1	—
26-03	Independent Auditors' Report on SBA's Fiscal Year 2025 Financial Statements	1/21/2026	5	—
26-06	KPMG Management Letter Communicating Matters Relative to SBA's Fiscal Year 2025 Financial Statements Audit	2/26/2026	2	—
26-07	SBA's Screening of 7(a) Loan Applications Under its Risk Mitigation Framework	3/11/2026	1	$32,014,783,042
Total	—	—	118	$46,200,967,998

Significant Recommendations From Prior Reporting Periods Without Final Action as of September 30, 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 48C.F.R. § 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

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
22-21	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.	6/3/2024	12/31/2025
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

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
22-19	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.	11/9/2022	6/30/2025

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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.	5/6/2024	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
24-06	2/22/2024	1	Review the 1,799 PPP loans totaling over $89 million, that matched a 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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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	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
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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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
24-09	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.	—	—

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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
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
24-20	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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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
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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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	11/30/2026
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	11/30/2026
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
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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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	9/24/2026
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.	—	—

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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	—	—
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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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	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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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
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	9/30/2026

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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.	3/3/2026	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
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	10/30/2026
25-23	8/12/2025	1	Conduct a study to establish minimum loan thresholds for performing site visits, implement policies and procedures based on 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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
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
26-03	1/21/2026	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	3/27/2026	9/30/2026
26-03	1/21/2026	3	Apply consistent accounting treatment of non-performing loans with open agency hold codes.	3/27/2026	9/30/2026
26-03	1/21/2026	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.	3/27/2026	9/30/2026
26-03	1/21/2026	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.	3/27/2026	9/30/2026

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
26-03	1/21/2026	11	We recommend that the Administrator coordinate with the Chief Financial Officer to: Establish an agency-wide oversight body to provide governance, guidance, information and communication over internal control systems and risk management activities.	3/27/2026	9/30/2026
26-06	2/26/2026	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.	3/27/2026	9/30/2026
26-06	2/26/2026	2	Enhance monitoring activities to ensure ongoing compliance with GAAP and to promptly identify any non-GAAP policies.	3/27/2026	9/30/2026
26-07	3/11/2026	1	To ensure 7(a) loan eligibility requirements were met, we recommend the Administrator direct the Associate Administrator for the Office of Capital Access to 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.	3/11/2026	2/17/2027

Significant Recommendations From This Reporting Period

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-09	5/15/2026	Inspection of SBA's Controls to Review Disaster Loan Applications Flagged by Risk Verification	11	Improve monitoring procedures to ensure PIIA compliance and reporting requirements are considered when a program is non-compliant for multiple consecutive years.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	1	Complete the implementation of a new governance risk and compliance tool to assist in the timely completion of SBA's annual security control assessments in coordination with the Office of the Chief Financial Officer.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	2	Update SBA policy and procedures to clearly define the term "annual" and specify whether it refers to a period of 365 days or aligns with the fiscal year ending on September 30.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	3	Ensure the agency follows the policy to perform security control assessments annually, either on a rolling 365-day basis or aligned with the fiscal year ending on September 30.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	4	Update the SBA Standard Operating Procedure (SOP) 20 21 4, The Small Business Administration Acquisition and Procurement Program, January 16, 2025, Appendix C — Cybersecurity and Supply Chain Risk for IT Acquisitions, to reflect the new process in which third-party supply chain
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	5	Implement policies, procedures, and processes for developing and maintaining an accurate inventory of data and its corresponding metadata from third parties.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	6	Improve the governance risk and compliance systems to track cybersecurity risks.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	7	Develop and implement a process to monitor program offices' completion of required annual reviews of interconnection security agreements and ensure program officials review and sign the agreements prior to their expiration.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	8	Improve the existing process to manage personal identity verification (PIV) exemptions.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	9	Ensure that system owners perform annual privileged user access reviews in accordance with SBA policies.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	10	Provide system owners and individuals with training or other communication emphasizing requirements for approving privileged user access prior to granting access.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	11	Ensure program offices review all system security plans and confirm they are updated, approved, and signed annually by the system owner, information systems security officer, and the information systems security manager.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	12	Document procedures, roles, and responsibilities for performing an annual functional test to ensure that the alternative backup site keeps the system operational in accordance with SBA policy and procedures.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	13	Annually perform functional testing to include failover testing in accordance with SBA policy and procedures.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	14	Establish procedures to monitor program officials' compliance with SOP 90 47 6, Cybersecurity and Privacy Policy requirements to ensure information system contingency plans are developed, tested annually, and updated as needed.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	15	Review and update the information system contingency plans and business impact assessments and ensure that key attributes are included.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	16	Update the information system contingency plans and business impact assessments at least once a year and include the recovery priority and lessons learned.
26-10	5/19/2026	Fiscal Year 2025 Federal Information Security Modernization Act	17	Conduct the information system contingency plans to include a business impact assessment at least annually.
26-11	6/23/2026	SBA's Handling of Disaster Assistance Loan Real Estate Foreclosures	1	Review the 72 abandoned foreclosure properties and reassess for foreclosure.
26-11	6/23/2026	SBA's Handling of Disaster Assistance Loan Real Estate Foreclosures	2	Develop a plan to review the remaining 3,794 potentially improperly abandoned foreclosure properties (4,148 abandoned foreclosure properties less statistical sample of 354) and reassess for foreclosure.
26-11	6/23/2026	SBA's Handling of Disaster Assistance Loan Real Estate Foreclosures	3	Establish clear guidelines to prevent abandonment of foreclosure on property when sufficient recoverable value exists.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-11	6/23/2026	SBA's Handling of Disaster Assistance Loan Real Estate Foreclosures	4	Establish clear guidelines to ensure unnecessary care and preservation of collateral costs are not incurred during active workout.
26-11	6/23/2026	SBA's Handling of Disaster Assistance Loan Real Estate Foreclosures	5	Establish controls to verify that SBA employees and their close relatives and associates do not purchase collateral and that these requirements be extended to the agency's vendors and subcontractors.
26-12	8/27/2026	SBA's 7(a) Loan Guaranty Purchase Denial Review Process	1	Remedy or seek recovery, when appropriate, of the guaranties for the 16 loans, totaling approximately $11.5 million, to promote program integrity and mitigate financial loss to taxpayers.
26-12	8/27/2026	SBA's 7(a) Loan Guaranty Purchase Denial Review Process	2	Update guidance and procedures for the repair and denial process and implement controls to ensure final decisions are documented with properly supported rationale to prevent unsupported or inappropriate decisions that impact program integrity or result in financial loss.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-12	8/27/2026	SBA's 7(a) Loan Guaranty Purchase Denial Review Process	4	Ensure SBA's repair or denial review tracking system flags loans that are at risk of expiration under the statute of limitations to ensure SBA has legal means to recover on loans with material issues to mitigate the risk of financial loss in the program.
26-12	8/27/2026	SBA's 7(a) Loan Guaranty Purchase Denial Review Process	5	Develop a generative AI policy that defines acceptable use of generative AI for SBA's mission and establishes safeguards and oversight mechanisms to meet the requirements of OMB Memorandum 25-21.
26-12	8/27/2026	SBA's 7(a) Loan Guaranty Purchase Denial Review Process	6	Complete repair or denial reviews on the 13 loans totaling approximately $5.4 million, that were overturned due to statute of limitations concerns and, if the material issues cannot be remedied, pursue administrative offset to ensure program integrity and minimize financial loss.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-14	9/17/2026	Small Business Lending Companies' Performance in the 7(a) Loan Program and SBA's Oversight	1	Conduct an analysis to effectively assess the root cause of the SBLCs' 7(a) loan portfolio underperformance, related to default rates, and implement processes and procedures to mitigate the identified risks.
26-14	9/17/2026	Small Business Lending Companies' Performance in the 7(a) Loan Program and SBA's Oversight	2	Modify OCRM's oversight procedures to ensure SBLCs implement appropriate corrective actions to address loan deficiencies identified during risk-based reviews or examinations to promote program integrity and mitigate the risk of similar future occurrences and financial loss.
26-14	9/17/2026	Small Business Lending Companies' Performance in the 7(a) Loan Program and SBA's Oversight	3	Assess the risks associated with not conducting safety and soundness examinations for SBLCs and, based on the results, establish and implement a plan to ensure identified risks are mitigated.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-15	9/24/2026	SBA's Progress on Implementing Federal Artificial Intelligence Requirements	1	Finalize the AI governance board charter and convene agency officials to oversee AI implementation and governance in accordance with OMB requirements listed in M-25-21.
26-15	9/24/2026	SBA's Progress on Implementing Federal Artificial Intelligence Requirements	3	Establish a process to evaluate and update where necessary SBA's internal policies and procedures on IT infrastructure, data, privacy, and cybersecurity to align with OMB M-25-21, executive orders, and applicable laws concerning AI.
26-15	9/24/2026	SBA's Progress on Implementing Federal Artificial Intelligence Requirements	4	Develop a generative AI policy that defines acceptable use of generative AI for SBA's mission and establishes safeguards and oversight mechanisms to meet the requirements of OMB M-25-21.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-15	9/24/2026	SBA's Progress on Implementing Federal Artificial Intelligence Requirements	6	Develop a process to consistently identify AI uses as high impact based on OMB's definition. If a particular AI use case does not meet the definition of high impact, ensure the decision is supported by written documentation as required by OMB.
26-17	9/29/2026	Fiscal Year 2025 Risk Assessment of SBA's Charge Card Programs	1	Update the agency's standard operating procedure to establish a centralized and accessible document repository for maintaining all purchase card documentation.
26-17	9/29/2026	Fiscal Year 2025 Risk Assessment of SBA's Charge Card Programs	2	Finalize and implement SBA's Charge Card Management Plan.
26-17	9/29/2026	Fiscal Year 2025 Risk Assessment of SBA's Charge Card Programs	3	Conduct and document periodic risk assessments of the purchase card program.
26-17	9/29/2026	Fiscal Year 2025 Risk Assessment of SBA's Charge Card Programs	4	Ensure that cardholders and approving officials complete all required training annually and retain training records in a centralized document repository.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-17	9/29/2026	Fiscal Year 2025 Risk Assessment of SBA's Charge Card Programs	5	Analyze purchase card transactions using available data analytics tools, follow up on violations, and verify prior year corrective actions were implemented.
26-17	9/29/2026	Fiscal Year 2025 Risk Assessment of SBA's Charge Card Programs	6	Work with the bank and General Services Administration to develop a reporting capability that enables the program office to accurately and consistently report on complete travel data.
26-18	9/29/2026	SBA's Oversight of the Small Business Development Center Program	2	Assess payment request delays and provide additional training to SBDC staff, where needed, to ensure payment requests are submitted accurately and on time.
26-18	9/29/2026	SBA's Oversight of the Small Business Development Center Program	3	Establish a process to compare SBDC performance results from the district office review to SBA's performance data collection system and follow up with SBDCs on significant differences.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-18	9/29/2026	SBA's Oversight of the Small Business Development Center Program	4	Coordinate with SBDCs to better align performance and financial data and require SBDCs to demonstrate that the financial expenditures align with their performance results.
26-18	9/29/2026	SBA's Oversight of the Small Business Development Center Program	5	Require SBDC officials to report rural or urban designations for all clients in SBA's performance data collection system and use the available data sources when making these determinations.
26-19	9/30/2026	Consolidated OIG Findings on Subcontracting Limitation Concerns for Set-Aside Awards	1	Revise 13 CFR 125.6 with unambiguous, mandatory language to ensure consistent interpretation, application, and enforceability of the limitations on subcontracting.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
26-19	9/30/2026	Consolidated OIG Findings on Subcontracting Limitation Concerns for Set-Aside Awards	2	Conduct training for stakeholder groups such as Procurement Centers, Office of Small Business Programs, and the Office of Small and Disadvantaged Business Utilization, to reinforce existing tools and regulations for monitoring, enforcing, and reporting compliance with limitations on subcontracting.
26-19	9/30/2026	Consolidated OIG Findings on Subcontracting Limitation Concerns for Set-Aside Awards	3	Provide training to Acquisition and Contracting Officer Representatives within program offices to reinforce controls over pre-award and post-award contracting processes.
26-19	9/30/2026	Consolidated OIG Findings on Subcontracting Limitation Concerns for Set-Aside Awards	4	Coordinate with the General Services Administration and other relevant stakeholders to clearly define and formalize oversight roles and responsibilities across the acquisition process. This will ensure the regulatory requirements for 13 CFR 125.6 are consistently incorporated into contracts, monitored for compliance, and enforced at required performance periods.

Significant Management Decisions With Which OIG Disagrees

There were no significant management decisions with which OIG disagrees.

Significant Revised Management Decisions

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

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 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. We are currently assessing SBA's compliance in the 2026 financial statement audit.

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. We are currently assessing SBA's compliance in the 2026 financial statement audit.

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.

Instances of Interference

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

Appendix E: Investigations Reporting Statistics

Investigative Reports Issued

Report Type	Number of Reports
Report of Investigation	65
Preliminary Case Closing Reports of Investigation	0
Total	**65**

Investigations Referred for Prosecution

Referred to	Number of Investigations
Department of Justice	46
State Attorney	1
Local Attorney	0
Total	**47**

Investigative Statistics

SBA OIG	Investigations	Indict/Complaint	Arrests	Convictions
PPP/EIDL/SV/RFF*	55	123	75	71
Investment Fraud/Other	21	5	5	6
Total	**76**	**128**	**80**	**77**

* PPP is the Paycheck Protection Program. EIDL is the Economic Injury Disaster Loan. SV is Shuttered Venue Operators Grant. RFF is the Restaurant Revitalization Fund.

Whistleblower Retaliation Cases

There were 4 OIG investigations involving whistleblower retaliation during this semiannual period.

Investigations Involving a Senior Government Employee in Which Misconduct Was Substantiated

During this reporting period, there were no OIG investigations involving a senior government employee in which misconduct was substantiated.

Investigations Involving a Senior Government Employee That Are Closed and Not Disclosed to the Public

During this reporting period, there were no closed OIG investigations involving a senior government employee that were not disclosed to the public.

Appendix F: Legal Actions Summary

State	Program Affected	Total Number of Subjects Sentenced	Combined Total Length of Sentence	Total Restitution Amount
NY	BL	4	78 months, 6 years supervised release	$508,617
AZ	BL, DL	1	15 months, 3 years supervised release	$1,007,650
FL	BL	1	51 months, 3 years supervised release	
AL	BL, DL	1	49 months, 2 years supervised release	$1,565,843
PA	BL	4	39 months, 6 years supervised release	$5,736,474
CO	BL, DL	1	37 months, 3 years supervised release	$441,547
CO	BL, DL	3	214 months, 9 years supervised release	$12,399,588
FL	BL, DL	1	24 months, 3 years supervised release	$61,831
GA	DL	1	78 months, 3 years supervised release	$3,272,000
CA	BL, DL	1	37 months, 3 years supervised release	$1,166,670
AK	BL, DL	1	46 months, 3 years supervised release	$947,303
MD	BL, DL	1	13 months, 2 years supervised release	$448,446
MT	BL, DL	1	30 months, 5 years supervised release	$1,646,500

State	Program Affected	Total Number of Subjects Sentenced	Combined Total Length of Sentence	Total Restitution Amount
CA	BL, DL	1	63 months, 3 years supervised release	$2,009,764
IL	BL	2	6 years supervised release	$46,243
NC	BL, DL	1	14 months, 2 years supervised release	$520,832
IL	BL, DL	3	48 months, 6 years supervised release	$2,198,400
PA	DL	3	10 years supervised release	$2,732,059
TX	BL, DL	1	121 months, 5 years supervised release	$4,747,221
CA	BL, DL, RRF	1	8 months, 3 years supervised release	$1,275,540
CO	BL, DL	1	20 months, 3 years supervised release	$4,994,267
OR	BL, DL	1	42 months, 12 months supervised release	$1,198,800
MA	BL	1	66 months, 9 years supervised release	$600,098
FL	BL, DL	1	21 months, 3 years supervised release	$2,502,610
MO	BL. DL	1	Settlement	$4,919,631
FL	BL, DL	1	30 months, 3 years supervised release	$1,160,449
NY	GC	1	Settlement	$21,300,000
WA	BL, DL	1	Settlement	$21,023.64

State	Program Affected	Total Number of Subjects Sentenced	Combined Total Length of Sentence	Total Restitution Amount
CA	BL, DL	1	60 months, 3 years supervised release	$2,811,265
CA	BL, DL	1	12 months, 3 years supervised release	$2,000,000
WA	BL, DL	1	Settlement	$2,544,291
TX	BL, DL	1	2 years supervised release	$200,854
WA	BL, DL	1	Settlement	$6,667,454
FL	BL, DL	2	61 months, 10 months supervised release	$2,516,793
NY	DL, RRF	1	Settlement	$130,000
FL	DL	1	Settlement	$72,652
NJ	BL	1	Settlement	$2,875,825
OR	DL	1	Settlement	$71,485
CA	DL	1	65 months, 3 years supervised release	$3,115,300
CA	DL	1	12 months, 3 years supervised release	$64,138
GA	BL, DL	1	Settlement	$14,962
CA	BL, DL	1	27 months, 3 years supervised release	$6,782,974
GA	BL, DL	1	Settlement	$13,940
HI	RRF	1	14 months, 3 years supervised release	$1,409,964
NC	BL, DL	1	Settlement	$391,822
OR	BL, DL	1	Settlement	$1,553,137

State	Program Affected	Total Number of Subjects Sentenced	Combined Total Length of Sentence	Total Restitution Amount
OR	BL	1	Settlement	$1,615,224
NY	BL	1	24 months, 3 years supervised release	$6,211,467
CA	GC	1	72 months, 3 years supervised release	$18,722

Table Notes:

Legal Actions Summary Program Codes:

BL = Business Loans

DL = Disaster Loans

GC = Government Contracting and Section 8(a) Business Development

RRF = Restaurant Revitalization Fund

IA = Internal Affairs

OT = Other

Appendix H: External Peer Reviews

Section 405(b) of the IG Act, as amended, 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 2026, our Audits Division underwent a Blue Book peer review conducted by the U.S. Department of Agriculture OIG. SBA OIG received a peer review rating of pass.

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, the U.S. Department of the 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 SBA OIG complied with the quality standards established by CIGIE and the applicable Attorney General's guidelines. No recommendations were offered.

Appendix I: 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

Section	Reporting Requirement	Location
405(b)(8),(9) & (17)	Audit, inspection, and evaluation statistical tables	Statistical Highlights
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.