

# Semiannual Report to Congress

April 1, 2021 – September 30, 2021



# Message from the Inspector General

November 30, 2021



Hannibal "Mike" Ware  
Inspector General

I am honored to submit our *Semiannual Report to Congress* for the second half of fiscal year 2021. Every 6 months, we report to Congress our independent oversight of the U.S. Small Business Administration (SBA) as required by law.

Nearly 2 years after the start of the Coronavirus Disease 2019 (COVID-19) pandemic economic crisis, the SBA Office of Inspector General (OIG) continues to provide independent and objective oversight. We assist SBA in fulfilling its mission for the benefit of all Americans, delivering products and services of the highest quality, ensuring accuracy, timeliness, fairness, and usefulness to all.

## Pandemic Response Oversight

Since March 2020, our goal has been to set a standard of excellence in overseeing SBA pandemic response for America's small businesses. Independence and objectivity are critical in looking after the taxpayer funds allocated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent Congressional economic stimulus funds and mandates.

We identified SBA's economic relief programs as susceptible to significant fraud risks and vulnerabilities as a top management challenge for SBA.

SBA has expended more than a trillion dollars in lending authority and entrepreneurial assistance in the wake of the pandemic. When SBA expedited relief to those in need, the agency relaxed internal controls, increasing the risk of program fraud and abuse.

Leveraging supplemental resources provided by Congress, to date, we have published 16 reports on pandemic oversight. We have issued dozens of recommendations for corrective action aimed at strengthening internal controls so eligible small businesses receive the economic aid promised by Congress, not fraudsters or other unscrupulous borrowers abusing taxpayer resources.

Working in concert with our law enforcement partners over the past year, more than 300 fraudsters have been brought to justice and nearly \$1 billion seized or recovered to make taxpayers whole. Specifically, OIG's oversight and investigative work since the pandemic resulted in 319 indictments and 145 convictions, to include PPP or EIDL by October 2021, with associated amounts totaling more than \$460 million. Additionally, OIG collaboration with SBA and the U.S. Secret Service has resulted in the

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seizure of more than \$995 million stolen by fraudsters from the EIDL program. We also played a key role in assisting financial institutions in the return of another \$3.1 billion to SBA's EIDL program.

We have also received more than 280,000 Hotline complaints related to SBA programs since March 2020.

Although we continue to evaluate and recommend corrections for the most critical risks facing SBA, oversight of pandemic relief funds and combating fraud in these programs will be a top priority for years to come.

## Our Work this Period

During the 6-month period from April to September 2021, OIG issued 7 reports with 38 recommendations to improve SBA operations and reduce fraud and unnecessary losses in agency programs. In addition, OIG investigations resulted in 153 indictments and 105 convictions. Overall, OIG's investigations and audit work achieved monetary recoveries and savings of more than \$4 billion during this semiannual period.

We also kept watch over government contractors for business ethics, integrity, honesty, and competency, ensuring taxpayer dollars are well spent.

## OIG Accomplishments this Period



## OIG Staff Dedication and Success

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



Hannibal "Mike" Ware  
SBA Inspector General

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# Summary of OIG Oversight Work

## Pandemic Response Oversight

To support businesses affected by the Coronavirus Disease 2019 (COVID-19) pandemic, in FY 2021, Congress tasked SBA with lending \$470 billion in COVID-19 Economic Injury Disaster Loans (EIDLs) and \$20 billion in COVID-19 emergency grants. In FY 2021, Congress appropriated additional funds for new disaster assistance programs: \$35 billion for targeted and supplemental EIDL advances, \$16.25 billion for the Shuttered Venue Operators Grants program, and \$28.6 billion for restaurant revitalization.

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

On December 27, 2020, through the Consolidated Appropriations Act of 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act extended the program through March 31, 2021. The Economic Aid Act provided an additional \$147.5 billion in program funding, which increased the total program funding to \$806.5 billion.

SBA's need to quickly provide relief to small businesses led to reduced controls on pandemic-related loans, substantially increasing the fraud risk. It was immediately clear that pandemic relief efforts had drawn the attention of unscrupulous and greedy criminals.

Within weeks, complaints from lenders and allegations of widespread fraudulent activity overwhelmed OIG's Hotline. We launched hundreds of investigations and several audit engagements to root out the fraud and abuse endangering these critical resources.

The following summarizes our pandemic oversight work this period.

## Audits, Inspections, and Evaluations



### **Serious Concerns About SBA's Control Environment and the Tracking of Performance Results in the Shuttered Venue Operators Grant Program (Report 21-13)**

We reported that SBA should take immediate action to reduce or eliminate risks by strengthening existing controls and implementing internal controls to address potential misuse of federal funds. Strong controls will ensure the Shuttered Venue Operators Grant (SVOG) program can effectively help eligible small business owners and entities that have suffered economic injury because of the COVID-19 pandemic. To address serious concerns and potential deficiencies in internal controls of the SVOG program, we suggested the Administrator reassess the audit risk plan to identify vulnerabilities, commensurate with the expected volume of applications and average award amount, to strengthen

internal controls and reduce risk of misuse of federal funds. We suggested SBA clearly establish 2 CFR 200 criteria for the program to ensure compliance during the implementation and oversight phases. We also suggested SBA implement required performance measures to determine the impact of program funds and ensure sufficient resources are available to implement and oversee the SVOG program.

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



### **SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program (Report 21-15)**

We reported that SBA had referred more than 845,000 COVID-19 EIDL applications to OIG for suspected identity theft, while still disbursing \$6.2 billion in loan funds and \$468 million in advance grants to these applicants. Many of these loans had indications of potential fraud. We found SBA officials were not tracking identity theft complaints at the time of our review, nor did they have a process to cease collection actions, release the identity theft victim from the loan liability, or charge-off the loan and related fees.

We recommended the Administrator direct the development of a process to maintain and track all identity theft complaints and develop a process to provide status updates to each complainant alleging identity theft. We also recommended SBA complete and formalize a process to restore identity theft victims to their condition prior to the fraud. The process should include steps to stop the loan billing statements, prevent delinquency collections, and release identity theft victims from loan liability and UCC liens. This process should also remove any fraudulent loans and related Uniform Commercial Code filing fees from financial records. Additionally, we recommended SBA Review over 150,000 returned billing statements and resolve any that involve identity theft and then refer fraudulent loans to OIG. While management stated they partially agreed with all the recommendations, management's formal comments stated they took actions to address each of them.

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



### **Evaluation of SBA's Coronavirus Reconstitution Plan (Report 21-18)**

OIG found that SBA established its May 2020 COVID-19 Reconstitution Plan in accordance with applicable federal guidance. We identified issues with the implementation of the reconstitution plan that should be addressed to help the agency safeguard its employees from contracting and spreading COVID-19 in the workplace.

We found the agency did not follow occupancy procedures for advancing or reverting phases at its Washington, DC headquarters. SBA also did not implement exposure tracking protocols to ensure it consistently traced COVID-19 cases. We found the agency did not consistently notify its staff of presumed or confirmed COVID-19 cases in the sampling we analyzed. SBA did not consistently contact potentially exposed personnel and ensure employees completed 14-day quarantine periods before returning to the workplace.

In February 2021, SBA replaced the May 2020 COVID-19 reconstitution plan with the COVID-19 Workplace Safety Plan. We made one recommendation for SBA to enforce the requirements of its new COVID-19 Workplace Safety Plan by consistently applying procedures for occupancy and exposure tracking and to accurately record and maintain supporting documentation for all reported COVID-19 cases. SBA management agreed with our recommendation and planned actions to resolve the recommendation.

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



### **The Small Business Administration's Implementation of Recommended Controls and the Economic Aid Act (Report 21-19)**

SBA implemented or initiated action on all the OIG recommendations to strengthen internal controls related to the Paycheck Protection Program (PPP). The Economic Aid Act continued assistance under the PPP for small businesses financially affected by the ongoing coronavirus pandemic. We found SBA implemented the PPP in accordance with the Economic Aid Act with two exceptions. SBA did not 1) require an assessment of affiliation for faith-based organizations which contradicts its internal control procedures and 2) issue guidance regarding farm credit system institutions to ensure requirements were met.

We recommended SBA assess affiliation for faith-based organizations to ensure only eligible faith-based organizations receive the applicable PPP loans. We did not make any recommendations regarding the farm credit system institution requirements and the \$1 billion set aside because the PPP ended on May 31, 2021. SBA disagreed with the recommendation, stating it committed to not assessing or requiring lenders to assess the reasonableness of the faith-based organization's determination, which they believe met the intent of Congress.

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

## **Notable Investigations**



### **Oregon Man Pled Guilty to Stealing CARES Act Funds**

An Oregon man pled guilty to bank fraud, money laundering, and aggravated identity theft for stealing CARES Act funding. The man submitted nine PPP loan applications, six of which were accepted, securing over \$3.4 million. He also applied for numerous EIDLs, funded for an additional \$160,000. The man then purchased real estate and invested in securities, transferring more than \$1.8 million of PPP loan funds to his E-Trade securities brokerage account. Agents seized the man's brokerage account, including 15,740 shares of Tesla Inc. Also, agents seized another account containing more than \$660,000 in securities and cash. The securities and cash-seized accounts were valued at more than \$11 million, not including the value of the 23 properties seized as fraud proceeds.



## **Two California Brothers and their Wives Found Guilty of Submitting Fraudulent Loan Applications**

Two California brothers, their wives and associates were each found guilty of 1 count of conspiracy to commit bank fraud and wire fraud, 11 counts of wire fraud, 8 counts of bank fraud, and 1 count of conspiracy to commit money laundering. One brother was also found guilty of two counts of aggravated identity theft, while his brother was found guilty of one count of aggravated identity theft. All were found guilty of submitting fraudulent loan applications to obtain COVID-19 relief funds used as down payments on luxury homes in Tarzana, Glendale, and Palm Desert and to purchase jewelry other high-end items. The total loss was more than \$18 million in COVID-19 relief funds.



## **Georgia Man Sentenced to Fraudulently Obtaining an SBA-guaranteed Paycheck Protection Program (PPP) Loan**

A Georgia man was sentenced in U.S. District Court for the Northern District of Georgia for his role in a conspiracy to fraudulently obtain an SBA-guaranteed Paycheck Protection Program (PPP) loan and a Ponzi scheme that defrauded more than 20 investors over the course of at least 7 years. The man pled guilty to multiple counts of conspiracy to commit wire fraud (18 U.S.C. §1349), wire fraud (18 U.S.C. §1343), bank fraud (18 U.S.C. §1344), and false statements to a federally insured bank (18 U.S.C. §1014). He was sentenced to 210 months of imprisonment, 5 years of supervised release, restitution of \$4,465,865.55, and a special assessment of \$600.

## Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. SBA has a financial assistance portfolio of guaranteed and direct loans that totaled about \$854 billion as of June 30, 2021. Over the years, OIG has worked closely with the agency to identify potential points of risk and improve SBA's oversight and controls to ensure eligible participants most in need of assistance benefit from these programs.

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

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

Criminals use a wide array of techniques to fraudulently get—or induce others to obtain—SBA-guaranteed loans. The techniques include submitting fraudulent documents, making fictitious asset claims, manipulating listed property values, using loan proceeds contrary to the terms of the loans, and failing to disclose debts or previous criminal records. Consequently, there is a greater chance of financial loss to the agency and its lenders. OIG dedicates a significant portion of its resources to identifying wrongdoers and, whenever possible, recovering taxpayer funds.

During this semiannual period, our audit and investigative work in this program area was focused on PPP and other pandemic relief programs. Consequently, we have included those reports and investigations in the Pandemic Response Oversight section.

## Disaster Assistance Program

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

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

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

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

During this semiannual period, our audit work in this program area focused on COVID-19 EIDLs and other pandemic relief programs. Consequently, we have included those reports in the Pandemic Response Oversight section.

## Investigations



### Federal Employee Pled Guilty to Disaster Fraud

A Federal employee received over \$30,000 in disaster funds for damage caused by Hurricane Harvey to their residence. The individual claimed that they were the victim of identity theft and had no knowledge of the loan despite numerous contacts with SBA during the loan process. The employee pled guilty to one count of false statements and was sentenced to 36 months of probation. The employee was ordered to pay \$33,279 in restitution.

## Contracting and Counseling Programs

Each year, the federal government spends hundreds of billions of dollars in federal contracts to purchase goods and services. SBA has worked to maximize opportunities for small businesses to receive these contract awards. As mandated in the Small Business Act, the government-wide goal is to award at least 23 percent of contract dollars to small businesses.

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

The HUBZone program helps small businesses stimulate their economically challenged local economies. Similarly, to help small, disadvantaged businesses gain access to federal and private procurement markets, SBA's Section 8(a) Business Development Program offers a broad range of business development support, such as mentoring, procurement assistance, business counseling, training, financial assistance, and other management and technical assistance.

SBA also aids existing and prospective small businesses through a variety of counseling and training services offered by partner organizations. Among these partners are Small Business Development Centers, the SCORE mentoring network, Women's Business Centers, and Veterans Business Outreach Centers.

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

## Audits, Inspections, and Evaluations



### **Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements (Report 21-14)**

SBA's Women's Business Center (WBC) program assists women in starting and growing small businesses and provides long-term training and counseling to women business owners, including those who are socially and economically disadvantaged.

SBA did not provide effective oversight over the WBC program. SBA program officials did not detect that WBCs in our sample: (1) failed to take corrective action to remedy accounting deficiencies identified during mandated programmatic and financial reviews and examinations; (2) made improper budget transfers and maintained general ledgers that did not support expenses; (3) used federal funds for unsupported, unallowable and unallocated costs; (4) reported unsupported matching funds and program income earned, and 5) failed to submit accurate financial reports. Program officials detected significant noncompliance that warranted removal of two WBCs from the program but did not take action. Additionally, program officials' methodology for evaluating applicant risk was flawed, and resulted in inadequate oversight of the sample WBCs' use of federal funds.

As a result of weaknesses in SBA's internal controls and limited oversight of the WBCs, program officials did not detect \$801,056 in unallowable, unallocated, and unsupported costs, matching funds, and program income earned. We made 10 recommendations to improve SBA's oversight and management of the WBC cooperative agreements. SBA management concurred with all 10 recommendations.

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

### Investigations



#### **Five Individuals convicted in Ohio Service-Disabled Veteran Contracting Scheme**

A group of five individuals from Ohio conspired to defraud SBA, the U.S. Navy, Air Force, Department of Defense, and the Department of Veteran's Affairs by paying bribes and fraudulently obtaining over \$15 million in government set-aside contracts to which they were not entitled. One individual devised a scheme to recruit 8(a) Business Development Program and Small Disadvantaged Veteran-Owned small businesses to bid on contracts and then pass them on to an ineligible company. The ineligible company was providing funding to the eligible company that was not disclosed to the government. Without the funding, the smaller companies would not have had the financial stability to complete the government contracts. In addition, one U.S. Navy employee accepted a series of bribes and kickbacks including cash, meals, a hunting trip, and a vehicle.

The U.S. Navy employee was sentenced to 1 year probation and a \$5,000 fine. Two individuals were sentenced to 2 years of probation and a \$10,000 fine. The president of the ineligible company was sentenced to 3 years of probation and ordered to pay a \$15,000 fine. A fifth individual was sentenced to 1 year of probation and ordered to pay a \$5,000 fine.



#### **Florida man convicted in Virginia Woman-Owned Small Business Contracting Scheme**

A Florida man was found guilty by jury trial in the District Court for the Eastern District of Virginia (Alexandria) on one count of 18 U.S.C. § 1349, conspiracy to commit wire fraud, and five counts of 18 U.S.C. § 1343, wire fraud. The Florida man misrepresented his SBA status as a Woman-Owned Small Business to NASA prime contractors and in Small Disadvantaged Business's Representations and Certifications on SDB's System for Award Management profile. As a result of the misrepresentation, the man received two subcontracts worth over \$6.4 million from two NASA prime contractors.

## Agency Management

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

## Audits, Inspections, and Evaluations



### **Performance Audit of the U.S. Small Business Administration's Fiscal Year 2020 Compliance with the Payment Integrity Information Act of 2019 (Report 21-16)**

This report presents the results of the required audit of the SBA's compliance with the Payment Integrity Information Act of 2019. We contracted with the independent certified public accounting firm KPMG LLP to conduct a performance audit, as required by the Act. The objectives of the engagement were to review the payment integrity section of SBA's Fiscal Year 2020 Agency Financial Report to determine whether the agency was in compliance with the Act. KPMG also evaluated the agency's accuracy and completeness of reporting and performance in preventing and reducing improper payments.

The independent auditors' report presents KPMG's findings on the agency's improper payment reporting required under the Act. KPMG reported that SBA was compliant with four of the six reporting requirements in the Act. However, SBA was not compliant with the Act because the Disaster Direct Loan Program reported an improper payments rate that exceeded the 10 percent threshold for compliance and did not demonstrate improvements as evidenced by not meeting its planned FY 2020 improper payments target reduction. KPMG also found the agency needs to improve the completeness and accuracy of improper payment reporting. The agency also needs to improve controls to prevent and reduce improper payments.

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



### **Weaknesses Identified During the FY 2020 Federal Information Security Modernization Act Review (Report 21-17)**

OIG is required by the Federal Information Security Management Act to assess SBA's information security program every year. In FY 2020, SBA had an unprecedented volume of loan and grant applications because of the CARES Act and other related pandemic legislation. As a result, the agency experienced new information security challenges.

We tested a subset of systems in eight areas, called "domains," and evaluated them using guidance for FISMA metrics. Inspectors General are required to assess the effectiveness of information security programs on a maturity model spectrum.

We rated SBA’s overall program of information security as not effective because SBA only achieved a maturity level rating of “managed and measurable” in one of the eight domains. We made 10 recommendations in 5 of the domains: 3 recommendations in risk management, 3 recommendations for configuration management, 2 for identity and access management, 1 recommendation for security training, and 1 for information security continuous monitoring. SBA management agreed with the recommendations.

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

## **Other Significant OIG Activities**

### **Background Investigations Ensure Integrity**

During this reporting period, OIG initiated 64 background investigations and issued 3 security clearances for OIG employees and contractors. OIG adjudicated 20 background investigative reports.

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

OIG promotes program integrity by making present responsibility referrals to SBA and other agencies. Present responsibility means the business ethics, integrity, honesty, and competence of persons who participate in SBA programs or otherwise do business with the government. During this reporting period, OIG sent 19 present responsibility referrals to SBA.

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

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

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

During this reporting period, SBA OIG conducted 36 presentations to internal and external stakeholders to raise awareness of fraud, waste, and abuse related to SBA programs. More than 1250 participants attended these events.

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

OIG reviews changes SBA proposes to make to its program directives, such as regulations, internal operating procedures, agency policy notices, and SBA forms completed by the public. OIG often identifies material weaknesses in the proposals and works with the agency to promote more effective controls to deter waste, fraud, and abuse. During the reporting period, OIG reviewed 64 proposed revisions of these program directives and submitted comments designed to improve 12 of these initiatives.

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

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

## OIG Hotline

OIG's Hotline handles allegations of waste, fraud, abuse, or serious mismanagement within SBA or its programs from employees, contractors, and the public.

### Record-setting Numbers

Hotline work has changed dramatically because of the COVID-19 pandemic, overwhelming the system and the staff.

During this semiannual period, the OIG Hotline received more than 64,000 complaints of loan fraud and abuse, identity theft, and problems with SBA's customer service.

In total, from March 2020 to September 2021, the Hotline received more than 280,000 complaints related to loan fraud.

Contrast that figure against the 742 complaints received in all of 2019 and the picture that emerges is one of an overwhelming surge. OIG's Hotline team has been diligently working through an enormous backlog of tens of thousands of complaints.

OIG follow-up of Hotline complaints may result in corrective actions, audits, or administrative, civil, or criminal investigations. Our Hotline staff monitors the progress of matters referred to SBA program offices for action to ensure the agency has promptly followed up, adequately resolved allegations, and documented any corrective actions.

#### FY 21 OIG

#### HOTLINE



#### Current Period

PPP	32,732
EIDL	4,662
Credit	2,896
Customer Service	519
Other*	23,457

#### Full Year

PPP	42,575
EIDL	8,012
Credit	10,038
Customer Service	1,677
Other*	63,398

**FY 21 TOTAL**  
**125,640**

\*Not Broken Down by Category

## Organizational Overview

### U.S. Small Business Administration

The mission of the SBA under the Small Business Act, as amended, is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and assisting in the economic recovery of communities after disasters. The agency's strategic plan for FYs 2018–22 has four key goals:

1. Support small business revenue and job growth.
2. Build healthy entrepreneurial ecosystems and create business friendly environments.
3. Restore small businesses and communities after disasters.
4. Strengthen SBA's ability to serve small businesses.

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

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

### Office of Inspector General

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

Our 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. Our strategic plan for FYs 2022-27 has four goals:

- Goal 1** Promote the integrity, efficiency, and effectiveness of SBA programs and activities
- Goal 2** Amplify oversight impact through effective communication and stakeholder engagement
- Goal 3** Cultivate and maintain a culture that inspires innovation, high performance, self-leadership, and accountability
- Goal 4** Leverage data and technology to effectively advance operational improvements and oversight

In addition to the Office of Counsel to the Inspector General, three divisions assist in carrying out the statutory responsibilities of the OIG: the Audits Division, Investigations Division, and the Management and Operations Division.

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

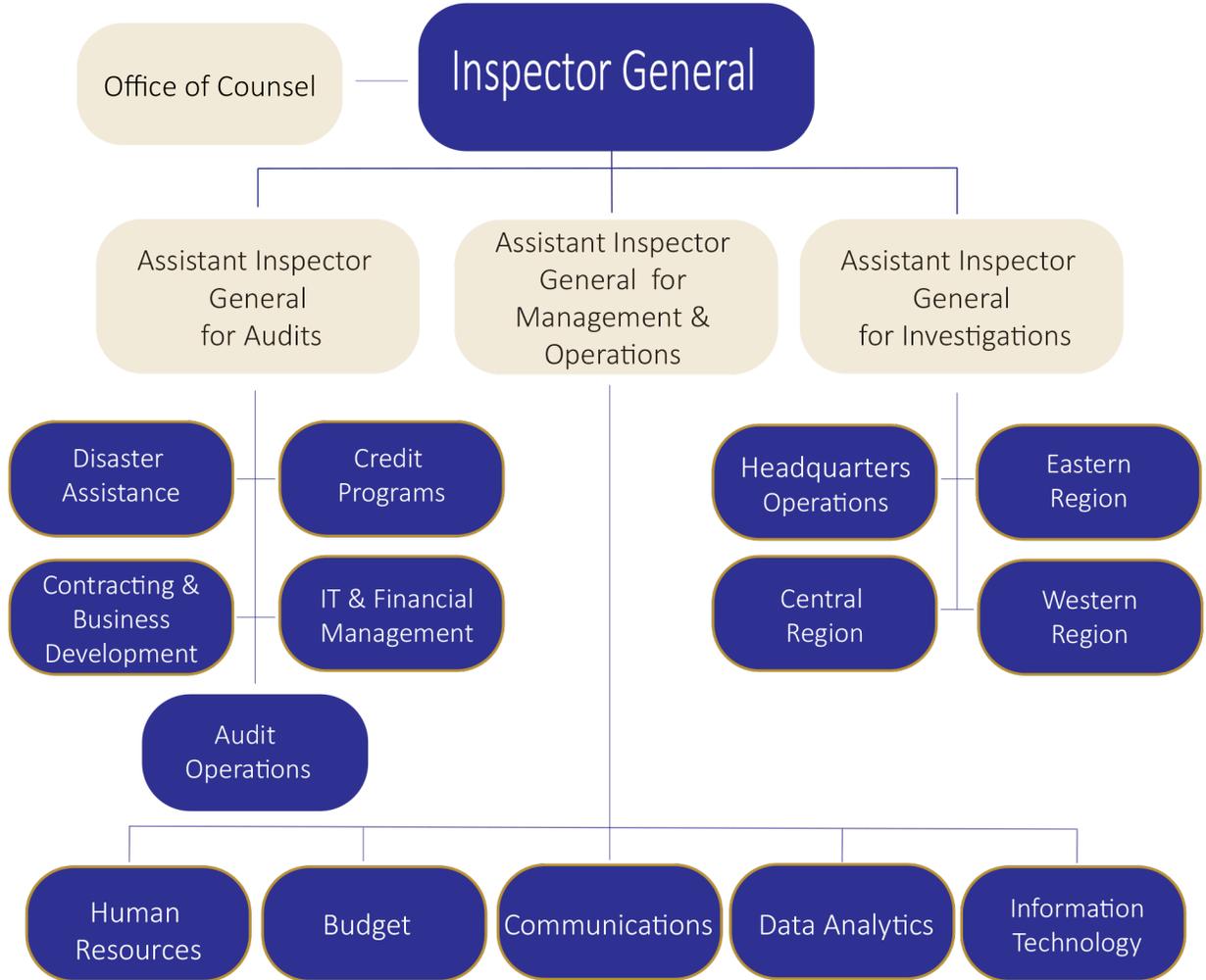
The **Audits Division** performs and oversees audits and reviews to promote the economical, efficient, and effective administration of SBA programs and operations. Key areas of emphasis are SBA loan, disaster assistance, business development, and government contracting programs, as well as mandatory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

The **Investigations Division** manages a program to detect and deter illegal and improper activities involving SBA's programs, operations, and personnel. The criminal investigations staff carries out a full range of traditional law enforcement functions. Within the division, the Hotline reviews allegations of waste, fraud, abuse, and severe mismanagement within SBA or its programs made by employees, contractors, and the public. A preliminary review of all complaints is conducted to determine the appropriate course of action. As part of the review process, Hotline staff may coordinate reviews of allegations within OIG, SBA program offices, or other government agencies. The Security Operations Staff within the division conducts required employee and contractor background investigations to achieve a high level of integrity in the agency's workforce. It makes adjudications on OIG employees and contractors for issuance of PIV cards pursuant to HSPD-12 background investigations requirements.

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

# U.S. Small Business Administration | Office of Inspector General

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



## Appendixes

### Appendix A. Reporting Period Statistical Highlights

#### Summary of OIG Dollar Accomplishments in dollars (\$)

Dollar Accomplishments as a Result of Investigations and Related Activities	
Potential Investigative Recoveries and Fines	\$83,207,583
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies)	\$4,095,000,000
Asset Forfeitures Attributed to OIG Investigations	\$12,412,119
Loans/Contracts Not Approved or Canceled as a Result of Investigations	\$4,550,359
Investigations Subtotal	\$4,195,170,061
Dollar Accomplishments as a Result of Audit Activities	
Disallowed Costs Agreed to by Management	\$785,961
Recommendations that Funds Be Put to Better Use Agreed to by Management	\$0
Audit Subtotal	\$785,961
Total OIG Dollar Accomplishments	\$4,195,956,022

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

Reports Issued	7
Recommendations Issued	38
Dollar Value of Costs Questioned	\$785,961
Dollar Value of Recommendations that Funds Be Put to Better Use	\$0
Recommendations with Management Decisions	47
Recommendations without a Management Decision	15
Collections as a Result of Questioned Costs	\$855,116

#### Indictments, Convictions, and Case Actions

Indictments from OIG Cases	153
Convictions from OIG Cases	105
Cases Opened	171
Cases Closed	67

#### SBA Personnel Actions Taken as a Result of Investigation

Dismissals	0
Resignations and Retirements	0
Suspensions	0
Reprimands	0

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

Present Responsibility Referrals to the Agency	19
Pending at the Agency as of September 30, 2021	43
Suspensions Issued by the Agency	0
Proposed Debarments Issued by the Agency	8
Final Debarments Issued by the Agency	8
Proposed Debarments Declined by the Agency	0
Administrative Agreements Entered by the Agency in Lieu of Debarment	0
Present Responsibility Actions by Other Agencies	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	12

## Appendix B. Full-Year Statistical Highlights, FY 2021

### Summary of OIG Dollar Accomplishments

Dollar Accomplishments as a Result of Investigations and Related Activities	
Potential Investigative Recoveries and Fines	\$137,039,230
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies)	\$4,095,000,000
Asset Forfeitures Attributed to OIG Investigations	\$23,514,962
Loans and Contracts Not Approved or Canceled as a Result of Investigations	\$25,054,068
Investigations Subtotal	\$185,608,260
Dollar Accomplishments as a Result of Audit Activities	
Disallowed Costs Agreed to by Management	\$785,961
Recommendations that Funds Be Put to Better Use Agreed to by Management	\$0
Audit Subtotal	\$785,961
Total OIG Dollar Accomplishments	\$4,281,394,221

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

Reports Issued	19
Recommendations Issued	119
Dollar Value of Costs Questioned	\$22,502,924
Dollar Value of Recommendations that Funds Be Put to Better Use	\$0
Recommendations with Management Decisions	108
Recommendations without Management Decisions	15
Collections as a Result of Questioned Costs	\$855,116

### Indictments, Convictions, and Case Actions

Indictments from OIG Cases	272
Convictions from OIG Cases	137
Cases Opened	398
Cases Closed	206

### SBA Personnel Actions Taken as a Result of Investigations

Dismissals	0
Resignations and Retirements	0
Suspensions	0
Reprimands	0

### Program Actions Taken During the Fiscal Year as a Result of OIG Action

Present Responsibility Referrals to the Agency	19
Pending at the Agency as of September 30, 2020	43
Suspension Issued by the Agency	4
Proposed Debarments Issued by the Agency	8
Final Debarments Issued by the Agency	8
Proposed Debarments Declined by the Agency	0
Administrative Agreements Entered by the Agency in Lieu of Debarment	1
Present Responsibility Actions by Other Agencies	0

### Agency Legislative and Regulatory Proposals Reviewed

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	148
Comment Memoranda Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	13

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

### Reports Issued

#### Agency Management

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's FY 2020 Compliance with PIIA	21-16	5/12/2021	—	—
FY 2020 Federal Information Security Modernization Act Review	21-17	7/6/2021	—	—
Evaluation of SBA's Coronavirus Reconstitution Plan	21-18	7/12/2021	—	—
Program Subtotal	3	—	\$0	\$0

#### Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
The Small Business Administration's Implementation of Recommended Controls and the Economic Aid Act	21-19	8/12/2021	—	—
Program Subtotal	1	—	\$0	\$0

#### Disaster Assistance

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Serious Concerns About SBA's Control Environment and the Tracking of Performance Results in the Shuttered Venue Operators Grant Program	21-13	4/7/2021	—	—
SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program	21-15	5/6/2021	—	—
Program Subtotal	2	—	\$0	\$0

#### Contracting and Counseling Programs

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	21-14	5/4/2021	\$785,961	—
Program Subtotal	1	—	\$785,961	\$0

## Reports with Questioned Costs

IG Act Reporting Requirement	Reports	Recommendations*	Questioned Costs**	Unsupported Costs***
A. No management decision made by March 31, 2021	1	1	\$10,800,476	\$10,800,476
B. Issued during this reporting period	1	3	\$785,961	\$406,141
Subtotal (Universe from which management decisions could be made in this reporting period)	2	4	\$785,961	\$406,141
C. Management decisions made during this reporting period	1	3	\$785,961	\$406,141
(i) Disallowed costs	1	3	\$785,961	\$406,141
(ii) Costs not disallowed	0	0	\$0	\$0
D. No management decision made by September 30, 2021	1	1	\$10,800,476	\$10,800,476

\* Reports may have more than one recommendation.

\*\* Questioned costs found to be improper.

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

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

IG Act Reporting Requirement	Reports	Recommendations	Recommended Funds for Better Use
A. No Management Decision Made by March 31, 2021	—	—	—
B. Issued During this Reporting Period	—	—	—
Subtotal (Universe from which Management Decisions Could Be Made in this Reporting Period)	—	—	—
C. Management Decisions Made During this Reporting Period	—	—	—
(i) Recommendations Agreed to by SBA Management	—	—	—
(ii) Recommendations Not Agreed to by SBA Management	—	—	—
D. No Management Decision Made by September 30, 2021	—	—	—

## Reports from Prior Periods with Overdue Management Decisions

Report Number	Report Title	Issue Date	Recommendation	Reason for Delay	Timetable for Resolution
21-08	SBA's Use of Vendors Without a Contract	2/3/2021	Ratify the over \$10.8 million in payments in accordance with the FAR and 48 C.F.R. § 1.602-3.	SBA disagreed that ratification of unauthorized commitments was necessary.	12/31/2021

## Reports from Prior Periods with Open Recommendations as of September 30, 2021

Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
17-19	Audit of SBA's Microloan Program	9/28/2017	2	\$137,199,806
18-03	Independent Auditor's Report on the SBA's FY 2017 Financial Statements	11/14/2017	1	—
18-13	Evaluation of SBA 7(a) Loans Made to Poultry Farmers	3/6/2018	1	—
19-08	SBA's HUBZone Certification Process	3/28/2019	1	—
19-15	OIG High-Risk 7(a) Loan Review Program	7/10/2019	1	\$3,000,297
19-16	Office of Inspector General High-Risk 7(a) Loan Review Program	8/14/2019	2	\$2,059,132
19-17	Evaluation of SBA's All Small Mentor-Protégé Program	9/17/2019	2	—
20-03	Audit of SBA's Oversight of High-Risk Lenders	11/12/2019	6	\$13,313,560
20-05	KPMG Management Letter Communicating Matters Relatives to SBA's FY 2019 Financial Statement Audit	12/10/2019	2	—
20-08	Audit of the SBA's Community Advantage Pilot Program	3/18/2020	6	\$51,472,944
20-17	Evaluation of Certify.SBA.Gov	7/30/2020	5	—
20-18	Office of Inspector General High Risk 7(a) Loan Review Program	8/25/2020	1	\$2,094,574
20-20	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	9/30/2020	10	—
21-02	Inspection of SBA's Initial Disaster Assistance Response to the Coronavirus Pandemic	10/28/2020	6	—
21-03	Evaluation of CARES Act Debt Relief to 7(a) Borrowers	12/1/2020	1	—
21-04	Independent Auditors' Report on SBA's FY 2020 Financial Statements	12/18/2020	28	—
21-06	Paycheck Protection Program Loan Recipients on the Department of Treasury's Do Not Pay List	1/11/2021	2	—
21-07	Inspection of SBA's Implementation of the Paycheck Protection Program	1/14/2021	3	—
21-08	SBA's Use of Vendors Without a Contract	2/3/2021	3	—
21-09	Duplicate Loans Made Under the Paycheck Protection Program	3/15/2021	4	—
21-11	Evaluation of SBA's Award Procedures for the Coronavirus Aid, Relief, and Economic Security Act Entrepreneurial Development Cooperative Agreements	3/30/2021	2	—
	Total	—	87	\$209,140,313

**Significant Recommendations from Prior Reporting Periods without Final Action as of September 30, 2021**

<b>Report Number</b>	<b>Date Issued</b>	<b>Recommendation</b>	<b>Date of Management Decision</b>	<b>Final Action Target Date</b>
17-19	9/28/2017	Continue efforts to improve the information system to include outcome-based performance measurements and ensure the data captured can be used to effectively monitor the microloan program compliance, performance, and integrity.	1/4/2018	10/31/2021
17-19	9/28/2017	Update the microloan reporting system manual to reflect current technology capabilities.	1/4/2018	10/31/2021
18-03	11/14/2017	Monitor and perform procedures over the service organization’s attestation report regarding user control considerations. This assessment should be performed annually.	1/10/2018	9/30/2021
18-13	3/6/2018	Review the arrangements between integrators and growers under the revised regulations, and establish and implement controls, such as supplemental guidance, to ensure SBA loan specialists and lenders make appropriate affiliation determinations.	3/1/2018	3/31/2022
19-08	3/28/2019	Implement a plan to reduce IT issues affecting the HUBZone certification process.	3/29/2019	9/15/2020
19-14	6/19/2019	Develop and implement prescriptive and rigorous controls to oversee and monitor excess cash held by the fiscal agent for recurring activities such as NSBW on behalf of SBA and in accordance with the requirements of OMB Circular No. A-123. These controls should be incorporated into SOP 90 75 4 and include the receipt and recurring review of bank statements for cash held on account.	6/26/2020	1/31/2020
19-15	7/10/2019	Require the lender to bring the loan into compliance or, if not possible, seek recovery of \$3,000,297 plus interest on the guaranty paid by SBA.	7/11/2019	12/1/2021
19-16	8/14/2019	Require the lender to bring the loan into compliance or, if not possible, seek recovery of \$1,367,417 plus interest on the guaranty paid by SBA.	8/15/2019	12/1/2021
19-16	8/14/2019	Require the lender to bring the loan into compliance or, if not possible, seek recovery of \$691,715 plus interest on the guaranty paid by SBA.	8/15/2019	12/1/2021
19-17	9/17/2019	Prioritize staff resources to ensure application reviews and annual evaluations are conducted in accordance with regulatory and program requirements.	2/4/2020	9/30/2022
19-17	9/17/2019	Ensure that certify.SBA.gov has the functionality needed for program officials to conduct application reviews and annual evaluations.	9/17/2019	9/30/2022

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Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
20-03	11/12/2019	Develop and implement policies and procedures to document OCRM's justification for not conducting planned reviews and identifying and prioritizing additional lenders for review.	11/15/2019	12/31/2021
20-03	11/12/2019	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	9/30/2022
20-03	11/12/2019	Develop and implement policies and procedures to provide clear and specific guidance to analysts regarding the appropriate corrective and enforcement actions for identified lenders and loan deficiencies to ensure analysts recommend appropriate and consistent corrective and enforcement actions.	11/15/2019	11/30/2021
20-03	11/12/2019	Conduct periodic overall assessments of the high-risk lender review results and recommended risk mitigation actions to ensure analysts recommend appropriate and consistent corrective and enforcement actions.	11/15/2019	12/31/2021
20-03	11/12/2019	Develop and implement policies and procedures that require OCRM to communicate systemic lender issues and material loan deficiencies to the appropriate SBA loan approval and purchase centers to facilitate proactive portfolio management and to mitigate the risk of improper guaranty purchases in the event of default.	11/15/2019	12/31/2021
20-03	11/12/2019	Determine whether the lenders corrected the deficiencies on the 21 loans purchased for a total of \$13.3 million. If not, require the lenders to bring the loans into compliance or, if not possible, seek recovery of the guaranty paid by SBA from lenders.	11/15/2019	12/31/2021
20-05	12/10/2019	KPMG recommends Associate Administrator for Capital Access update appropriate Center Desk Manuals to specify relevant staff involved in the charge-off and referral processes to ensure the Next Due Date field in the loan repository system is timely updated when a loan's liable parties change. Any change to policy should be communicated to relevant staff.	1/9/2020	11/8/2021
20-05	12/10/2019	KPMG recommends the Associate Administrator for Capital Access perform a regular review of liable parties with outstanding receivable balances to ensure they are referred in a timely manner.	1/9/2020	11/8/2021

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Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
20-08	3/18/2020	Evaluate options that facilitate the Community Advantage (CA) pilot program's ability to effectively expand access to capital in underserved markets.	6/30/2020	12/31/2021
20-08	3/18/2020	Evaluate whether it is feasible to align the maximum interest rates charged under the CA pilot program with comparable 7(a) program rates, excluding SBA Express.	6/30/2020	12/31/2021
20-08	3/18/2020	Provide criteria to lenders to assist them with assessing the borrowers' M&TA needs.	8/5/2020	10/31/2021
20-08	3/18/2020	Establish methods to assess whether lenders have the expertise needed to provide M&TA to underserved borrowers and to address any lender deficiencies regarding M&TA.	6/30/2020	12/31/2021
20-08	3/18/2020	Require lenders to complete the data fields related to the M&TA provided and enhance the annual CA performance analysis by including the evaluation of the performance associated with the various types of M&TA.	6/30/2020	12/31/2021
20-08	3/18/2020	Establish a process to periodically assess the performance of CA loans approved with SBSS scores under 140, to determine whether the recently implemented SBA approval requirement is adequately mitigating the risk of loss.	6/30/2020	10/31/2021
20-17	7/30/2020	Establish traceable functional requirements for the Certify investment in accordance with the Capital Programming Guide, supplement to OMB Circular A-11, specifically, in terms of the Office of Government Contracting and Business Development's mission, purpose, capability, schedule and cost objectives.	9/21/2020	1/15/2022
20-17	7/30/2020	Develop a documented requirements traceability matrix and ensure that the Office of Government Contracting and Business Development has adequate resources to trace requirements throughout all stages of design, development, and user-acceptance.	9/21/2020	1/15/2022
20-17	7/30/2020	Develop and maintain a performance-measurement baseline with budgets and schedules assigned to product-oriented work breakdown structure elements and established cost and schedule variance thresholds in accordance with the Capital Programming Guide, supplement to OMB Circular A-11.	9/21/2020	1/15/2022

## U.S. Small Business Administration | Office of Inspector General

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
20-17	7/30/2020	Incorporate earned value management and integrated baseline reviews into the Certify investment as required by FAR 34. 2 and conduct documented integrated baseline reviews in accordance with the 32 criteria identified in National Defense Industrial Association's Earned Value Management Systems EIA-748 Intent Guide, as required by SOP 90 52.	9/21/2020	1/15/2020
20-17	7/30/2020	Update system development methodology to link agile summary components with establishing traceable requirements, monitoring progress through a requirements traceability matrix and reporting progress using a performance management system, including an earned value management system for the development of major IT investments.	9/21/2020	10/29/2021
20-18	8/25/2020	Require the lender to bring the loan into compliance or, if not possible, seek recovery of \$2,094,574 on the guaranty paid by SBA.	8/25/2020	12/1/2021
20-20	9/30/2020	Review all loans assigned to the resolution center that are 180 days or more delinquent and classified with code 66 (Lien or Mortgage/Refer to Treasury Offset Program Only) and 00 (Clear Existing Status Code) and transfer the loans to Treasury Cross-Servicing, unless verified as exempt when the temporary suspension of debt collection activities because of the pandemic is lifted.	9/16/2020	6/30/2021
20-20	9/30/2020	Perform a cost benefit analysis to determine if SBA should begin assessing fees to offset the cost of processing and handling delinquent disaster loans.	9/16/2020	5/15/2021
20-20	9/30/2020	Revise SOP 50 52 to clearly communicate that all loans with collateral must be evaluated for foreclosure and placed in foreclosure status before they are 180 days delinquent.	9/16/2020	6/4/2021
20-20	9/30/2020	Revise SOP 50 52 2 to clearly communicate that all debts 180 days delinquent must be transferred to Treasury Cross-Servicing unless the debt meets a valid transfer exemption.	9/16/2020	6/4/2021
20-20	9/30/2020	Establish requirements to provide annual training on Debt Collection Improvement Act requirements to all staff of the resolution center.	9/16/2020	5/15/2021
20-20	9/30/2020	Ensure that information used to monitor compliance with the Debt Collection Improvement Act includes all loans assigned to the resolution center as identified in the Capital Access Financial System.	9/16/2020	5/15/2021

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Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
20-20	9/30/2020	Review all loans currently assigned to the Center and designated exempt from Treasury Offset Program and verify that each of the obligors is exempt from referral to Treasury Offset Program, and if not, refer the obligors to Treasury Offset Program, as required.	9/16/2020	6/30/2021
20-20	9/30/2020	Review all loans currently assigned to the Center and designated as exempt from Treasury Cross-Servicing that are 180 days or more delinquent and verify that each of the obligors is exempt from transfer to Treasury Cross-Servicing, and if not, transfer the debt to Treasury Cross-Servicing, as required when the temporary suspension of debt collection activities due to COVID-19 is lifted.	9/16/2020	6/30/2021
20-20	9/30/2020	Establish policies and procedures to require routine follow-up on delinquent loans to ensure full compliance with the Debt Collection Improvement Act.	9/16/2020	6/4/2021
20-20	9/30/2020	Reiterate the requirements for workout agreements to responsible personnel to ensure compliance with the Debt Collection Improvement Act.	9/16/2020	6/4/2021
21-02	10/28/2020	Review all loans that had a bank account number changed from that shown on the original application to determine if the changes were legitimate or fraudulent. If not legitimate, work to recover the funds, deobligate any undisbursed funds, and refer to the OIG.	12/8/2020	12/31/2021
21-02	10/28/2020	Review duplicate loans to IP addresses, email addresses, business addresses, and bank accounts to determine if there are undisbursed funds that should be suspended until the duplicate loans are assessed for eligibility.	12/8/2020	12/31/2021
21-02	10/28/2020	Strengthen or establish controls to ensure multiple loans are provided only to eligible applicants and prevent the erroneous duplication of loans.	8/10/2021	12/31/2021
21-02	10/28/2020	Strengthen data integrity to make it possible to determine if the inaccurate information allowed loans to be made to ineligible entities and to strengthen SBA's ability to service loans appropriately.	8/10/2021	12/31/2021
21-03	12/1/2020	Establish post-payment audit procedures, using a risk-based approach, to verify the accuracy and completeness of all subsidy payments to lenders and include reviews of payments made to loans that changed from liquidation status to regular servicing status, and remedy improper payments in accordance with the Payment Integrity Act of 2019.	12/1/2020	11/30/2021

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
21-04	12/18/2020	Assess the accounting considerations, including the impact on the consolidated financial statements, from the results of the loan review process for PPP loans and record any necessary adjustments for loans determined to not be in conformance with the CARES Act and related legislation.	4/30/2021	10/15/2021
21-04	12/18/2020	Document the development of significant assumptions used in the PPP reestimate, including the consideration of the most recent, best available data to address the potential existence of disconfirming evidence.	2/8/2021	10/15/2021
21-04	12/18/2020	Accumulate relevant, complete, and accurate data to develop and support the PPP reestimate.	2/8/2021	10/15/2021
21-04	12/18/2020	Design and implement review and approval controls of the PPP reestimate by appropriate levels of management, including review of sources of relevant data inputs, development of assumptions, and reasonableness of assumptions and resulting estimates.	2/8/2021	10/15/2021
21-04	12/18/2020	Perform a thorough review of the COVID-19 EIDLs and grants portfolio and determine which transactions were made to ineligible recipients and not in conformance with the CARES Act and related legislation.	3/17/2021	6/30/2021
21-04	12/18/2020	Implement controls that prevent or detect loans from being approved that are not in conformance with the related legislation and program's eligibility terms.	4/7/2021	6/30/2021
21-04	12/18/2020	Update the Reference Guide to require a more thorough review to clear certain alerts and enforce the actions recommended by the Reference Guide to adequately address and mitigate the alerts prior to loan approval.	3/17/2021	6/30/2021
21-04	12/18/2020	Provide training of loan officers and supervisory loan officers to execute their responsibilities in accordance with established guidance and standard operating procedures.	3/17/2021	6/30/2021
21-04	12/18/2020	Assess the accounting considerations, including the impact on the consolidated financial statements, from the results of the loan review process for PPP and record any necessary adjustments for loans determined not to be in conformance with the CARES Act and related legislation.	4/30/2021	10/15/2021

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Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
21-04	12/18/2020	Develop and implement a policy requiring new service organizations to provide a SOC 1 report over the control environment that is relevant and significant to the processing and recording of SBA's transactions. If a SOC 1 report cannot be obtained, identify and evaluate relevant controls at the service organizations that have an impact on SBA's internal controls over financial reporting.	3/17/2021	6/30/2021
21-04	12/18/2020	Determine the impact on the outstanding guarantee and eligibility for forgiveness of loans determined to be not in conformance with the CARES Act and related legislation.	2/1/2021	9/21/2021
21-04	12/18/2020	Assess the risk posed by the service organization's control environment and obtain sufficient assurance over the operating effectiveness of relevant and significant controls to determine the integrity of transactions processed on behalf of and recorded by SBA. If a SOC 1 report is obtained for the relevant control environment at the service organization, determine and document the requirements.	3/17/2021	6/30/2021
21-04	12/18/2020	Assign and hold accountable individuals responsible for overseeing management's design, implementation, and operation of SBA's internal control system.	2/25/2021	10/15/2021
21-04	12/18/2020	Document the internal control system and processes related to the implementation of the CARES Act and related legislation.	2/25/2021	10/15/2021
21-04	12/18/2020	Perform and document a thorough risk assessment at the financial statement assertion level to identify process level risks and assess the effectiveness of key process level controls to respond to the risks.	2/25/2021	10/15/2021
21-04	12/18/2020	Develop and implement monitoring controls to ensure implementation of an effective internal control environment.	2/25/2021	10/15/2021
21-04	12/18/2020	Recruit additional qualified personnel, implement a formal training program, and train appropriate SBA personnel and contractors on internal control matters that affect financial reporting and compliance with relevant laws and regulations.	2/25/2021	10/15/2021
21-04	12/18/2020	Update and enforce the existing Procedural Notice 5000-20049 to require the adequate review and approval of Section 1112 payments made to lenders and to determine that the necessary documentation is maintained to substantiate the payment amount.	3/26/2021	9/17/2021

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
21-04	12/18/2020	Update the enterprise risk management approach over the evaluation of internal controls to ensure it includes all significant programs, key processes, and other material line items on the consolidated financial statements.	2/25/2021	10/15/2021
21-04	12/18/2020	Perform and document the internal control evaluation performed over all programs. This should include entity level controls, manual controls, general information technology controls, and system application controls covering key financial statement line items and risks.	2/25/2021	10/15/2021
21-04	12/18/2020	Work with service providers to assess service organization risks and controls and monitor the service providers to determine that they properly design, implement, and effectively operate controls impacting SBA's control environment.	8/26/2021	10/15/2021
21-04	12/18/2020	Address the control deficiencies over transactions arising from the implementation of the CARES Act and related legislation by working with the Office of Capital Access and the Office of Disaster Assistance to implement the recommendations in Attachment I – Material Weaknesses.	8/26/2021	10/15/2021
21-04	12/18/2020	Address the deficiencies in general information technology controls for SBA systems critical to financial reporting by working with the relevant system owners to implement the recommendations in Attachment II – Significant Deficiencies.	1/19/2021	9/1/2021
21-04	12/18/2020	Assess the accounting considerations, including the impact on the consolidated financial statements, from the results of the loan review process for PPP loans and record any necessary adjustments for loans determined to not be in conformance with the CARES Act and related legislation.	6/2/2021	10/15/2021
21-04	12/18/2020	Identify and review PPP loans with incomplete or inaccurate 1502 reports.	2/1/2021	7/22/2021
21-04	12/18/2020	Determine and update the loan repository system with correct PPP loan related balances.	2/1/2021	9/21/2021
21-04	12/18/2020	Develop and enforce a policy that requires the adequate training and monitoring of lenders to execute their responsibilities in the PPP loan servicing process.	3/26/2021	7/30/2021
21-04	12/18/2020	Develop and enforce a policy to monitor incomplete or inaccurate PPP 1502 reports on an ongoing basis.	4/2/2021	7/31/2021

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Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
21-06	1/11/2021	Promptly identify PPP loans that have not been fully disbursed and follow-up with the lenders to stop \$280 million in potential improper loan disbursements.	3/4/2021	12/15/2021
21-06	1/11/2021	Strengthen SBA controls to ensure that loans to ineligible recipients are not forgiven.	3/4/2021	12/15/2021
21-07	1/14/2021	Review the loans identified as potentially ineligible to determine if the businesses met eligibility requirements. If not, take appropriate action related to loan guaranty and forgiveness.	1/14/2021	9/17/2021
21-07	1/14/2021	For future rounds of PPP lending, assess vulnerabilities in internal controls and strengthen or implement necessary internal controls to address ineligible loans and potential fraud.	1/14/2021	12/1/2021
21-07	1/14/2021	For future rounds of PPP lending, revise the borrower application to include the critical "jobs retained" field to ensure SBA reports accurate and complete job numbers.	1/14/2021	12/1/2021
21-08	2/3/2021	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	12/31/2021
21-08	2/3/2021	Ensure that vendors used to provide foreclosure and real estate services are registered in SAM, as required.	2/1/2021	12/31/2021
21-09	3/15/2021	Review the OIG identified potential duplicate disbursements for eligibility and take action to recover any improper payments as applicable.	3/31/2021	12/1/2021
21-09	3/15/2021	Review SBA controls related to all PPP loan reviews to ensure that duplicate loans are not forgiven and not subject to an SBA guaranty, as appropriate.	3/31/2021	12/1/2021
21-09	3/15/2021	Strengthen E-Tran controls for future PPP type programs, which includes keeping E-Tran controls that align with program requirements on at all times.	3/23/2021	12/1/2021
21-09	3/15/2021	Review the issues that SBA identified involving the actions of lenders, such as providing incorrectly formatted data and submitting the same application through multiple platforms and determine how to strengthen controls and guidance as appropriate to ensure lenders meet program requirements for future PPP type programs.	3/23/2021	12/1/2021
21-11	3/30/2021	Enforce standard operating procedures requiring clearly defined performance goals and include performance targets in all future SBDC and WBC cooperative agreements and grants to objectively measure performance results.	3/24/2021	9/30/2021

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
21-11	3/30/2021	Collect and analyze the CARES Act entrepreneurial development cooperative agreement recipient's performance results and establish a framework for setting goals for technical assistance programs in response to future disasters. Retain the analysis in program files for future guidance.	3/24/2021	11/30/2021

### Significant Recommendations from this Reporting Period

Report Number	Title	Date Issued	Recommendation
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	Implement financial oversight procedures for the WBC program that ensure the program office enforces WBC cooperative agreement requirements. Program officials should ensure WBCs use federal funds only for allowable, allocable, and reasonable expenses, adhere to contract award procedures, and separate project costs by funding source.
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	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.
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	Recover \$31,215 for improperly awarded contracts and \$31,424 in unallowable or unallocable expenses.
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	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.

Report Number	Title	Date Issued	Recommendation
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	Establish policies holding program officials accountable for promptly following up on financial examination results and enforcing cooperative agreement requirements.
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	Require higher-level reviewers to clearly justify and document approving or denying disbursement of funds if the decisions differ from the recommendations of lower-level reviewers; justification documentation should be kept in the official cooperative agreement file.
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	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.
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	Require program officials to enforce the cooperative agreement terms and conditions and deobligate or withhold payments if WBCs do not submit accurate financial reports on time.
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	Develop and implement procedures to ensure program officials objectively assess applicant risk to minimize the possibility of awarding cooperative agreements to WBCs not in compliance with program and financial requirements.
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	Require the Office of Women's Business Ownership to clarify in the public funding opportunity announcement, all review criteria and weights to be considered in the cooperative agreement award process, to improve transparency in the cooperative agreement review and decision-making process.

Report Number	Title	Date Issued	Recommendation
21-15	SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program	5/6/2021	Develop a process to maintain and track all identity theft complaints.
21-15	SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program	5/6/2021	Develop a process to provide status updates to each complainant alleging identity theft.
21-15	SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program	5/6/2021	Complete and formalize a process to restore identity theft victims to their condition prior to the fraud. The process should include steps to stop the loan billing statements, prevent delinquency collections, release them from loan liability and UCC liens.
21-15	SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program	5/6/2021	Develop a process to remove any fraudulent loans and related UCC filing fees from its financial records.
21-15	SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program	5/6/2021	Review over 150,000 returned billing statements and resolve any that involve identity theft, then refer fraudulent loans to OIG.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Continue to update SBA Standard Operating Procedure (SOP) 20 32 1, Estimating and Reporting Improper Payments, using the framework in GAO's Standards for Internal Control in the Federal Government (Green Book) to design and implement robust internal and quality control processes to ensure complete and accurate reporting of annual improper payment results, formalized risk assessment process to ensure all programs are considered, the maintenance of sample documentation, and to ensure the sampling methodology documentation is consistent and updated annually with the population, sample results, and information in the payment integrity section of the AFR and accompanying materials.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Provide training to responsible staff in the Offices of Internal Control, Capital Access, and Disaster Assistance regarding updates to SBA SOP 20 32 1.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Ensure that staff in the Office of Internal Control oversee and provide adequate quality control reviews over improper payment disclosures submitted by SBA program offices.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Continue to provide training to program office staff, as needed, on the timely and complete reconciliation of the population of transactions used for estimating improper payments to the general ledger.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Implement additional preventative and monitoring controls to determine the eligibility of borrowers prior to approval.

Report Number	Title	Date Issued	Recommendation
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Ensure there is adequate training of staff at the National Guaranty Purchase Centers.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Collaborate with the Chief Financial Officer to ensure a timely and complete reconciliation is performed on the population subject to sampling for improper payment reviews.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Formally document and implement additional preventative and monitoring controls to determine the eligibility of borrowers prior to approval and disbursement.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Ensure there is adequate training of staff at the Processing and Disbursement Center.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Collaborate with the Chief Financial Officer to ensure a timely and complete reconciliations performed on the population subject to sampling for improper payment reviews.
21-16	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	5/12/2021	Coordinate with the Office of Disaster Assistance's statistician to ensure the estimated improper payment amounts are calculated consistently and the sampling methodology adequately describes the criteria for stratification.
21-18	Evaluation of SBA's Coronavirus Reconstitution Plan	7/12/2021	Enforce the requirements of the February 2021 COVID-19 Workplace Safety Plan by consistently applying occupancy and exposure tracking and accurately recording and maintaining supporting documentation for all reported COVID-19 cases.
21-19	The Small Business Administration's Implementation of Recommended Controls and the Economic Aid Act	8/12/2021	Assess affiliation for faith-based organizations to ensure only eligible faith-based organizations received the applicable PPP loans.

## Significant Management Decisions – OIG Disagreement

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

## Significant Revised Management Decisions

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

## **Federal Financial Management Improvement Act**

The OIG's Independent Public Accountant, KPMG, did not render an opinion on the compliance with the Federal Financial Management Improvement Act, but their test work in the FY 2020 financial statement disclosed instances in which SBA's financial management systems did not substantially comply with federal financial management systems requirements and applicable federal accounting standards. The results disclosed no instances in which SBA's financial management systems did not substantially comply with the United States Standard General Ledger at the transaction level.

## **Instances of Interference**

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

## Appendix D. Investigations Reporting Statistics

### Investigative Reports Issued

Report Type	Number of Reports
Report of Investigation	67
Preliminary Case Closing Reports of Investigation	—
Total	67

### Persons Referred for Prosecution

Referred To	Number of Persons
Department of Justice	103
State Attorney	0
Local Attorney	0
Total	103*

\*Number includes persons and entities referred for prosecution.

### Pandemic-Related Investigative Statistics

SBA OIG	Investigations	Indict/Complaint	Arrests	Convictions
PPP/EIDL*	126	97	68	63
Investment Fraud	1	1	1	1
Total	127	98	69	64

\*PPP stands for Paycheck Protection Program. EIDL stands for economic injury disaster loan.

### Whistleblower Retaliation Cases

There were no OIG investigations involving whistleblower retaliation during the reporting period.

### Investigations Involving a Senior Government Employee Where Misconduct Was Substantiated

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

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

There were no OIG investigations that are closed and not disclosed to the public involving a senior government employee during this reporting period.

## Appendix E. Legal Actions Summary

April 1, 2021 – September 30, 2021

State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
CA	DL	SBA, FBI, IRS-CI	Subjects as part of an organized crime ring used fake identification documents to apply for EIDLs resulting in losses totaling approximately \$18 million.	Trial resulted in eight subjects convicted, two who fled and remain fugitives.
FL	DL	USSS, FBI	Individuals were found to have received \$433,000 in cumulative EIDL funding for what appear to be three ineligible business entities.	Individual pled guilty to bank fraud.
FL	DL	FBI, USSS	Three police officers applied for EIDL loans using their police department as their business.	Subjects pled guilty to wire fraud.
GA	DL	ATF, Local Police	A felon applied for \$66,400 in PPP funds which he received and was not entitled.	Subject received 33 months confinement, was ordered to pay \$66,400 in restitution, and to forfeit a 2019 Dodge Charger R/T and \$16,250.
GA	DL	TIGTA, USSS	Business that was not operating before the COVID-19 pandemic applied for and received PPP funds.	\$1,214,090 seized from subject.
GA	BL	FBI	Individuals conspired to defraud investors in a trucking company when co-conspirators took money from investors. They fraudulently led investors to believe that the trucking company could generate enormous profits.	Individual pled guilty to conspiracy to commit wire fraud.
ID	BL	SBA/FDIC	Subject submitted false statements to SBA and the Eastern Idaho Development Corporation, inducing SBA to approve for disbursement and debenture sale of an SBA 504 loan for \$3,020,000.	Civil judgment ordered to pay \$600,000.
IN	CC	FDIC	Co-conspirators fraudulently obtained more than \$2 million in small business loans, which they defaulted on.	Four individuals were found guilty of wire and bank fraud.
IL	DL	—	Individual received approximately \$487,000 in PPP funds despite being involved in bankruptcy proceedings.	Individual pled guilty and is pending sentencing. Repaid over \$176,000.
ID	Grants	SBA/NASA-OIG	Subject directed Small Business Innovation Research (SBIR) funds to be diverted to other work projects or for personal purchases and payments to include home mortgage, home and car rentals, vacations, and plastic surgery between 2014-2016. Sentient Corporation obtained 56 awards since 2002, totaling approximately \$20 million. The principle location for SBIR/STTR work was a research and development facility in Idaho Falls, Idaho.	Civil Settlement Agreement totaling \$490,000.

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State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
MD	DL	FDIC	Several individuals planned a fraudulent capital campaign to raise funds by issuing loans to straw borrowers who then used the proceeds to purchase stock in their bank. It is further alleged that bank executives engaged in various loan frauds and self-dealing.	Subject was sentenced to 63 months of incarceration followed by 4 years of supervised release, restitution of \$3,593,801, forfeiture of \$3,593,801, and a fine of \$50,000.
MD	DL	FBI, FDIC, IRS-CID	Individual fraudulently applied for three PPP loans. The PPP loans were funded for a total of \$3,560,855. Also fraudulently obtained a \$25,500 EIDL and an EIDL Advance of \$7,000.	Subject was arrested and indicted. Over \$2 million was seized along with a 2018 Tesla 3.
NY	DL	FBI	Individuals conspired to submit online applications to at least two financial institutions for a total of over \$13 million in government-guaranteed loans for which they were not entitled.	Three co-conspirators were indicted for bank fraud, wire fraud, and false statements.
OK	DL	—	Individuals conspired to obtain PPP loans for which they did not qualify.	A co-conspirator was sentenced to a year in federal prison and was ordered to pay \$97,800 in restitution.
OR	DL	SBA/USSS	Subject engaged in romance scam applied for EIDL under false business and true ID, with resulting losses totaling \$145,200, purchased a Dodge Challenger and transmitted funds to the romance scam perpetrator.	Subject pled guilty to theft of government funds, sentenced to 22 months, reduced to 10 months based upon time served. Seized \$50,000 and Dodge Challenger.
OR	DL	SBA/FBI/TIGTA	Subject submitted PPP falsifying employee and revenue information with resulting losses totaling \$904,330, misused proceeds for gambling, travel, and narcotics. SBA Express Loan of \$20,000 was also misused.	Subject indicted and arrested on wire fraud and bank fraud, \$830,000 seized.
OR	BL/DL	SBA/FBI	Subject submitted numerous PPP and EIDL applications using stolen identities with resulting losses totaling \$4,054,872. Purchased 23 properties, securities, and transferred money to various brokerage accounts. Subject engaged with co-conspirator in furtherance of the crime.	Subject pled guilty to bank fraud, money laundering, and aggravated identity theft. Seizures exceeding \$11 million in securities and cash, and additional seizures of 23 properties purchased with proceeds.
OR	BL/DL	SBA/IRS-CI	Subject submitted PPP and EIDL applications under the stolen identities of real small business owners, purchased a Tesla Model X and Ford F-350 Super Duty, as well as gold coins and cryptocurrency with resulting losses totaling \$979,376. Subject fled prosecution following indictment and arrest.	Subject pled guilty to wire fraud, aggravated identity theft, and money laundering. Seized Tesla, Ford F-350, gold coins, and cryptocurrency.

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State	Program	Jointly with	Alleged Violation(s) Prosecuted	Legal Action
OR	BL	SBA/TIGTA/ FBI	Subject submitted PPP applications for his businesses inflating employee numbers, gross revenues, and monthly payroll costs, resulting in losses totaling \$643,782. Misused the proceeds on his personal residential construction costs, personal expenditures, and the purchase of a converted military van.	Subject indicted and arrested on two counts of loan fraud.
OR	BL	SBA/FBI	Subject submitted PPP application using false information on IRS documents, payroll, and number of employees, resulting in losses totaling \$619,598. Misused money in purchasing securities and transferring funds to a co-conspirator.	Subject pled guilty to bank fraud.
OR	BL/DL	SBA/TIGTA/ FBI	Subject submitted PPP and EIDL applications using fake business information and supporting documentation resulting in losses totaling \$367,554, additional cost avoidance of \$302,600.	Subject indicted and arrested for wire and bank fraud.
TX	BL	USSS	Individuals conspired to submit multiple fraudulent loan applications, received loan proceeds in their personal and business bank accounts, used loan proceeds on items unrelated to legitimate business activities.	An Individual was Indicted.
UT	BL	SBA/FBI	Subject submitted PPP application making false statements concerning criminal history with resulting losses totaling \$220,000.	Subject pled guilty to wire fraud, money laundering, conspiracy to defraud the U.S. and sentenced to 36 months. Co-Conspirator pled guilty to loan fraud and was sentenced to a year.

### Table Notes:

#### Legal Actions Summary Program Codes

BL.....Business Loans  
 DL.....Disaster Loans  
 GC.....Government Contracting and Section 8(a) Business Development  
 IA.....Internal Affairs  
 OT.....Other

#### Joint-investigation Agency Acronyms

Defense Criminal Investigative Service (DCIS)  
 Department of Commerce Office of Inspector General (DOC/OIG)  
 Department of Energy Office of Inspector General (DOE/OIG)  
 Department of Health and Human Services Office of Inspector General (HHS/OIG)  
 Department of Homeland Security Homeland Security Investigations (DHS/HSI)  
 Department of Homeland Security Immigration and Customs Enforcement (DHS/ICE)  
 Department of Homeland Security Office of Inspector General (DHS/OIG)  
 Department of Justice Office of Inspector General (DOJ/OIG)  
 Department of Justice Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)  
 Department of State Office of Inspector General (DOS/OIG)  
 Department of Transportation Office of Inspector General (DOT/OIG)  
 Department of Treasury Inspector General for Tax Administration (TIGTA)  
 Department of Treasury Special Inspector General for the Troubled Asset Relief Program (SIGTARP)  
 Department of Veterans Affairs Office of Inspector General (VA/OIG)  
 Federal Bureau of Investigation (FBI)

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Federal Deposit Insurance Corporation Office of Inspector General (FDIC/OIG)  
Federal Housing Finance Agency Office of Inspector General (FHFA/OIG)  
Federal Reserve Board Office of Inspector General (FRB/OIG)  
General Services Administration Office of Inspector General (GSA/OIG)  
Internal Revenue Service – Criminal Investigation (IRS/CI)  
National Aeronautics and Space Administration Office of Inspector General (NASA/OIG)  
State of California Employment Development Department (State of CA/EDD)  
United States Airforce Office of Special Investigations (AFOSI)  
United States Army/Criminal Investigation Division (Army/CID)  
United States Department of Agriculture Office of Inspector General (USDA/OIG)  
United States Naval Criminal Investigative Service (NCIS)  
United States Postal Inspection Service (USPIS)  
United States Secret Service (USSS)

## Appendix F. Cosponsored and Other Activities

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

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Selling to the Government Training Series	Pittsburgh District Office (DO) - Johnstown Area Regional Industries, dba JARI; Northwest PA Regional Planning & Development Commission	Virtual	9/29/2021
Selling to the Government Training Series	Wyoming DO-Wyoming Procurement Technical Assistance Center	Virtual	9/15/2021
24th Annual Women's Economic Opportunity Conference	Vermont DO - The Office of U.S. Senator Patrick Leahy, Vermont Small Business Development Center, Vermont Manufacturing Center, Center for Women & Enterprise, Vermont Agency of Transportation, Vermont Center for Emerging Technologies, Vermont Procurement Technical Assistance Center	Virtual	9/10/2021
National Small Business Week 2021	HQ/Office of Communications and Public Liaison - ADP, Inc., Amazon.com Services, LLC, Constant Contact, Inc., Facebook, Inc., Google, LLC, Lockheed Martin Corporation, MetLife, Service Corps of Retired Executives Association, Square, Inc., The UPS Store, Inc., T-Mobile USA, Inc., Visa U.S.A. Inc., Zebra Technologies	Virtual	6/28/2021
Underserved Communities Engagement through Newspaper Publishers Associations	HQ/Office of the Administrator-National Newspaper Publishers Association, Inc.	Virtual	6/15/2021
New Hampshire Small Business Matchmaker 2021	New Hampshire DO - New Hampshire Small Business Development Center, New Hampshire Procurement Technical Assistance Center - Division of Economic Development - Department of Business & Economic Affairs	Virtual	5/5/2021
Woostapreneurs Forum – New Americans Business Expo	Massachusetts DO - Worcester Area Chamber of Commerce	Virtual	4/20/2021
Money Management Financial Literacy	Columbus DO - Focus CFO Group, LLC, Apprisen, SCORE Chapter Columbus	Virtual	4/6/2021

## Appendix G. External Peer Reviews

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

### Audits Division

Generally accepted government auditing standards (Yellow Book) issued by GAO require 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 U.S. Department of State OIG for the period ending March 31, 2018. SBA OIG received a peer review rating of "pass."

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

In addition, in FY 2021, our Audits Division reviewed the U.S. Department of Commerce OIG against the Yellow Book standards for the period ending September 20, 2020. Commerce OIG received a peer review rating of pass.

### Investigations Division

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

In 2017, the U.S. Federal Deposit Insurance Corporation OIG reviewed our Investigations Division. The reviewers found the system of internal safeguards and management procedures for the investigative function of OIG was compliant with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency and the applicable Attorney General Guidelines. (OIGs can be assessed as either compliant or noncompliant.) No recommendations were offered.

## Appendix H. Office of Inspector General Reporting Requirements

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

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

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

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

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

Section	Reporting Requirement	Location
4(a)(2)	Review of legislation and regulations	Other Significant OIG Activities
5(a)(1)	Significant problems, abuses, and deficiencies	Throughout
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	Significant Recommendations from This Reporting Period
5(a)(3)	Prior significant recommendations on which corrective action has not been completed	Significant Recommendations from Prior Reporting Periods Without Final Action as of September 30, 2019
5(a)(4)	Matters referred to prosecutive authorities	Legal Actions Summary
5(a)(5)	Instances in which requested information was refused	N/A
5(a)(6)	List of audit, inspection, and evaluation reports	Reports Issued; Reports with Questioned Costs
5(a)(7)	Significant reports	Throughout
5(a)(8)	Audit, inspection, and evaluation statistical tables	Statistical Highlights
5(a)(9)	Audit, inspection, and evaluation reports with recommendations that funds be put to better use	Reports with Recommendations That Funds Be Put to Better Use
5(a)(10)	Audit, inspection, and evaluation reports without management decision, without comment within 60 days, or with unimplemented recommendations	Reports from Prior Periods with Overdue Management Decisions; Reports from Prior Periods with Open Recommendations as of September 30, 2019
5(a)(11)	Revised management decisions	Significant Revised Management Decisions
5(a)(12)	Management decisions with which the Inspector General disagrees	Significant Management Decisions with Which OIG Disagrees
5(a)(13)	Information described under section 05(b) of the Federal Financial Management Improvement Act of 1996	Federal Financial Management Improvement Act
5(a)(14)–(16)	Peer review results	External Peer Reviews

<b>Section</b>	<b>Reporting Requirement</b>	<b>Location</b>
5(a)(17),(18)	Investigative statistical tables and supporting metrics	Investigations Reporting Statistics
5(a)(19)	Investigations involving a senior government employee where allegations of misconduct were substantiated	Investigations Involving a Senior Government Employee Where Misconduct Was Substantiated
5(a)(20)	Whistleblower retaliation	Whistleblower Retaliation Cases
5(a)(21)	Attempts to interfere with the independence of OIG	Instances of Interference
5(a)(22)	Each closed inspection, evaluation, and audit not disclosed to the public; each closed investigation involving a senior government employee not disclosed to the public	Investigations Involving a Senior Government Employee That Is Closed and Not Disclosed to the Public