

Semiannual Report to Congress

October 1, 2021 – March 31, 2022



Message from the Inspector General

April 29, 2022



Hannibal "Mike" Ware
Inspector General

I am honored to submit our *Semiannual Report to Congress* for the first half of fiscal year 2022. Every 6 months, we report to Congress our independent oversight of the U.S. Small Business Administration (SBA), as required by law.

Two years have passed since the start of the Coronavirus Disease 2019 (COVID-19) pandemic economic crisis, and the SBA Office of Inspector General (OIG) continues to provide independent and objective oversight. This semiannual period we are reporting an unprecedented statistic: \$4.6 billion in joint monetary recoveries and savings. Without a doubt, this achievement would not have been possible without our partner organizations.

We oversee the integrity, accountability, and performance of SBA and its programs for the benefit of the American people. OIG works to improve SBA programs by identifying key issues facing the agency, recommending corrective actions, and promoting a high level of integrity.

Pandemic Response Oversight

Working with our law enforcement partners, we have set a standard of excellence in overseeing SBA pandemic response for America's small businesses. Independence and objectivity are critical in the oversight of taxpayer funds allocated by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent Congressional economic stimulus funds and mandates.

We are deeply appreciative of the close partnership we have with the U.S. Attorneys across the nation and in the Criminal and Civil divisions of the U.S. Department of Justice in Washington D.C. We have sought to expand this partnership by detailing several attorneys to serve as Special Assistant U.S. Attorneys to the Criminal Division Fraud and Public Corruption Section's Market Integrity and Major Frauds Unit. Our mission is momentous, and it requires a strategic allocation of resources.

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, abuse, and improper payments.

As the fraud landscape continues to unfold, we are collaborating across government to bring wrongdoers to justice. OIG pandemic oversight and investigative work has resulted in 366 indictments and 142 convictions related to the Paycheck Protection Program and Economic Injury Disaster Loan (EIDL) as of December 2021. Our collaboration with the U.S. Secret Service has resulted in the seizure of more than \$1 billion 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.

Leveraging supplemental resources provided by Congress, we have published 20 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.

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

Our Work this Period

During the 6-month period from October 2021 to March 2022, OIG issued 9 reports with 70 recommendations to improve SBA operations and reduce fraud and unnecessary losses in agency programs. In addition, OIG investigations resulted in 98 indictments and 85 convictions.

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

Accomplishments this Period



9

Reports

98

Indictments



70

Recommendations

85

Convictions



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 this vision, committed to protecting the interests of all American taxpayers by promoting positive change within SBA and across government.

Hannibal "Mike" Ware
SBA Inspector General

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SBA's Top Management and Performance Challenges

Each year, OIG is required to report on the most serious management challenges facing the agency.

In accordance with the Reports Consolidation Act of 2000 and Office of Management and Budget (OMB) Circular A-136, SBA includes this information in the agency financial report.

The management challenges represent areas that OIG considers particularly vulnerable to fraud, waste, abuse, or mismanagement, or which otherwise pose significant risk to the agency, its operations, or its credibility.

Each management challenge generally has originated from one or more reports issued by OIG or the Government Accountability Office (GAO).

We do not usually rank the top challenges in order of importance or magnitude, except for the COVID-19 challenge. We view all eight challenges as critically important to SBA operations in the upcoming year.

However, we placed COVID-19 economic relief programs at the top of the list for the 2022 report in recognition that it is the agency's most acute challenge.

You can find the *Top Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2022* in the [Reports section of the SBA OIG website](#).

SBA Top Management & Performance Challenges FY 2022

Challenge 1

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

Challenge 2

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

Challenge 3

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

Challenge 4

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

Challenge 5

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

Challenge 6

Identification of Improper Payments in SBA's Loan Programs Remains a Challenge

Challenge 7

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

Challenge 8

SBA Needs Robust Grants Management Oversight

Summary of OIG Oversight Work

Pandemic Response Oversight

To support businesses 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 (EIDL) and \$20 billion in COVID-19 EIDL Advances. Congress appropriated additional funds for new disaster assistance programs: \$35 billion for Supplemental Targeted Advances, \$16.25 billion for the Shuttered Venue Operators Grant program, and \$28.6 billion for the Restaurant Revitalization Fund.

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

The Consolidated Appropriations Act of 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, extended the program through March 31, 2021, providing an additional \$147.5 billion in PPP funding. Lastly, the American Rescue Act provided an additional \$7.25 billion, which increased the total program funding to \$813.7 billion.

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

The following summarizes our pandemic oversight work this period.

Audits, Inspections, and Evaluations



SBA's Emergency EIDL Grants to Sole Proprietors and Independent Contractors (Report 22-01)

We determined if the agency complied with its internal policy that set emergency EIDL advance grants at \$1,000 per employee up to the CARES Act mandated maximum amount of \$10,000. We examined emergency EIDL grants to sole proprietors and independent contractors from March 29 to July 10, 2020, when the funds were exhausted.

We found the agency provided \$4.5 billion more in grants to sole proprietors and independent contractors than they were entitled to receive based on established policy. We determined that 542,897 sole proprietors applied for the grants without an Employer Identification Number (EIN) and claimed more than one employee on their applications.

The absence of an EIN indicates the sole proprietor applicants should have claimed no employees and were entitled to a maximum of \$543 million (\$1,000 per applicant). However, SBA disbursed \$4 billion in Emergency EIDL grant funds to these sole proprietors, an over disbursement of \$3.5 billion.

We also found 161,197 independent contractors also applied but did not provide an EIN and claimed more than one employee on their COVID-19 EIDL application. The independent contractors were entitled to a maximum of \$161 million (\$1,000 per applicant). However, SBA disbursed \$1.1 billion to the independent contractors, an over disbursement of about \$1 billion.

We recommended SBA remedy \$4.5 billion in funds disbursed over its policy allowance. The agency disagreed with the prior Administration's policy determination, which was the criteria we used to premise our findings. Despite management's disagreement, the agency is taking corrective actions to implement our recommendation.

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



COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List (Report 22-06)

Our review of the Department of Treasury's analysis of processed COVID-19 EIDLs and emergency EIDL grants from March to November 2020 revealed that SBA's lack of adequate pre-award controls during this period of review led to 75,180 COVID-19 EIDLs, totaling over \$3.1 billion, and 117,135 emergency EIDL grants, totaling over \$550 million, being disbursed to potentially ineligible recipients.

To prevent potential improper payments, we recommended SBA use the batch match or continuous monitoring functions available in Treasury's Do Not Pay portal to identify potentially ineligible applicants before disbursing COVID-19 EIDL program funds.

SBA managers partly agreed with our recommendations. Starting April 6, 2021, SBA implemented procedures which included Treasury Do Not Pay monitoring. The agency started using Do Not Pay functions and data sources for all COVID-19 relief programs to identify potentially ineligible applicants before disbursing funds.

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



SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal (Report 22-07)

We evaluated SBA's handling of the grant to establish a single centralized hub for federal resources available to small businesses in the wake of the COVID-19 pandemic. SBA awarded \$18.6 million for the informational and training hub in the critical first year of the disaster response. After launch, less than 1 percent of the 30 million small businesses it was intended to help used it, and only 62 of about 14,000 resource partner counselors and mentors completed any of the training modules.

We found SBA did not ensure the grant recipient developed and implemented an effective marketing and outreach strategy to ensure the hub successfully achieved its legislative purpose. In addition, neither SBA nor the grant recipient set targets for any of the performance goals. We found the grant recipient

awarded contracts without assessing the reasonableness of contract costs. We also questioned \$14.8 million in costs that either did not adhere to procurement requirements or were not properly supported.

SBA agreed or partially agreed with three of our five recommendations. The agency plans to implement corrective actions that will align performance goals with agency goals. It will also enhance oversight of the grant recipient's compliance with award terms and federal requirements.

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



SBA's Paycheck Protection Program Loan Review Processes (Report 22-09)

We found SBA's online loan forgiveness platform used by lenders to submit PPP forgiveness requests is adequate to support SBA's loan review process. However, SBA did not meet the 90-day statutory requirement to remit forgiveness payments to lenders for 98.2 percent of loans over \$2 million. Not completing reviews of loans and remitting payment promptly creates uncertainty for borrowers and PPP lenders who are unsure if SBA will forgive the loans.

We also identified other matters that SBA should address, including how SBA made changes to allow certain loans to be reviewed for fraud and eligibility after they had been forgiven. These changes could affect SBA's ability to recover funds for forgiven loans later determined to be ineligible. Outstanding loan forgiveness applications are a potential indicator of fraud. Borrowers who fraudulently obtained a PPP loan are unlikely to apply for loan forgiveness. We identified 1.9 million loans totaling \$177.3 billion with no forgiveness application as of May 2021.

We recommended SBA develop a plan to ensure remaining forgiveness reviews and remittances are completed within 90 days as required by the CARES Act. SBA management agreed with the report finding and recommendation.

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

Notable Investigations



Members of Los Angeles-Based Fraud Ring Sentenced in Multimillion-Dollar Scheme

Seven members of a Los Angeles-based fraud ring were sentenced in a scheme that involved submitting 150 PPP and EIDL applications, obtaining more than \$20 million in pandemic economic relief funds.

The defendants used dozens of fake, stolen, or synthetic identities, including names belonging to elderly or deceased people and foreign exchange students. The defendants also submitted false and fictitious documents to lenders and SBA, including fake identity documents, tax documents, and payroll records.

The defendants then used the funds intended to help struggling small businesses for down payments on luxury homes in Tarzana, Glendale, and Palm Desert, California. They also used the funds to buy gold coins, diamonds, jewelry, luxury watches, fine imported furnishings, designer handbags, and a Harley-Davidson motorcycle. The leader of the fraud ring was sentenced to 17 years in prison. Two others were sentenced to 6 years and another conspirator to 5 years.



Oakland Woman Sentenced to 3 Years in Million Dollar Pandemic Relief Fraud

A California woman pled guilty to bank fraud and money laundering and received 36 months in prison. She obtained pandemic relief funds from both the PPP and EIDL for multiple fictitious businesses, fraudulently claiming 89 employees and a monthly payroll of more than \$700,000.

The woman admitted receiving \$992,291 in PPP loans and \$150,900 in EIDLs and advances. She used the money for a buying spree of high-end luxury items and services, such as \$184,000 on private jet travel and hotel expenses; \$124,000 on luxury purchases from Louis Vuitton, Neiman Marcus, and Nordstrom; and \$16,000 on boat and car rentals. She spent another \$150,000 on Mercedes-Benz, Land Rover, and Nissan automobiles. She was also ordered to pay \$1.1 million in restitution.



Texas Man Sentenced to More Than 9 Years in COVID-19 Fraud and Money Laundering Scheme

A Texas man pled guilty to charges of wire fraud and money laundering for fraudulently obtaining over \$1.6 million in PPP funds. He falsely represented the number of employees and payroll expenses in PPP loan applications.

After he received the PPP loan funds, he bought a Lamborghini Urus, a Ford F-350 truck, and a Rolex watch. The U.S. Department of Justice, along with other law enforcement partners, seized over \$700,000 of the funds. This case was investigated by SBA OIG, the Federal Housing Finance Agency Office of Inspector General, and the U.S. Postal Inspection Service Criminal Investigations.



California Man Convicted in \$27 Million PPP Fraud Scheme

A California man who submitted 27 PPP fraudulent loan applications seeking \$27 million was convicted of bank fraud, submitting false statements to a financial institution, and money laundering. In his fraudulent applications, he stated that these shell companies had 100 employees and average monthly payrolls of \$400,000.

Evidence showed he also submitted Internal Revenue Service documents falsely stating that each of the companies had an annual payroll of \$4.8 million. He used the \$3 million in PPP funds he received for personal expenses, including renting an oceanfront apartment in Santa Monica.



Two Florida Men Pled Guilty to \$35 Million COVID-19 Relief Fraud Scheme

Two Florida men pled guilty to conspiracy to commit wire fraud in the Northern District of Ohio for leading a nationwide scheme to fraudulently obtain over \$35 million in PPP loans. They recruited additional PPP loan applicants, preparing and submitting fraudulent loan applications in exchange for a share of the proceeds. They submitted or facilitated at least 79 fraudulent loan applications worth at least \$35 million—and planned to submit more.



Man Who Evaded Justice Sentenced to Federal Prison for Pandemic Relief Fraud

After fleeing federal prosecution and being re-arrested, a former Oregon man was sentenced to about 5 years in federal prison for stealing funds intended to help small businesses during the COVID-19 pandemic.

According to court documents, a small business owner contacted the Clackamas County Sheriff's Office to report that an unknown person had obtained and used personal information belonging to him, his wife, and their business to establish accounts at a bank in Boston, Massachusetts. A review of SBA records revealed that six EIDL applications had been submitted using that small business owner's social security number.

Of the six applications, two were funded for a total of \$295,000. Investigators traced wire transferred funds made by the fraudster to the purchase of a Ford F-350 Lariat truck for \$77,898 using a counterfeit California driver's license. The suspect was later found to have provided business services to the small business owner whose identity he had stolen.



Arizona Man Sentenced to 32 Months in Federal Prison for Fraudulent EIDL Applications

An Arizona man was sentenced to 32 months in federal prison for submitting fraudulent EIDL applications on behalf of more than 70 limited liability companies. He received \$3.8 million in loans and \$336,000 in grants.

In these applications, he made false statements about the number of employees, the amount of gross revenues, and cost of goods sold. He also falsely agreed to use the funds as working capital and instead used the economic assistance money to purchase a new home.



Oregon Dentist Faces Federal Charges for Stealing About \$8 Million in COVID-Relief Program Funds

An Oregon man who attempted to defraud the EIDL program of millions and then set his sights on the Restaurant Revitalization Fund is facing federal charges for obtaining nearly \$8 million in funds meant to help small businesses adversely affected by the pandemic.

He submitted three restaurant revitalization applications for restaurants allegedly located in Sarasota, Miami, and Daytona Beach, Florida. The suspect's applications contained false business information and listed his personal residence as the business mailing address.

He had first attempted to steal EIDL funds using the names and Employer Identification Numbers of fictitious business entities. He further provided false information about the business start dates, number of employees, locations, and the identities of the purported applicants and business owners.

All of the applications were submitted online from an internet protocol address associated with the defendant's dental practice.

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 \$453 billion as of September 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 several loan approval and servicing functions and reduced the number of staff performing these functions, placing more responsibility on and giving greater independence to lenders. Past OIG reviews have reported on these trends, and OIG continues to identify weaknesses in SBA's lender and loan agent oversight processes.

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

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

During this semiannual period, our audit work in this program area was focused on the pandemic response programs. We have included those reports in the Pandemic Response Oversight section.

Investigations



Jury Convicts Five Former Officers and Employees of Banc-Serv Partners in \$5 Million Scheme

Five former officers and employees of Banc-Serv Partners LLP, a lending service provider, were convicted in a 13-year conspiracy to defraud the SBA loan guarantee program of \$5 million in guaranteed disbursements.

The defendants, including a former president and company founders, fraudulently obtained SBA-guaranteed loans on behalf of their clients, knowing that the loans did not meet SBA's guidelines and requirements for the guarantees.

Evidence proved that from 2004 until 2017, the defendants helped originate SBA loans on behalf of various financial institutions and other lenders and, on multiple occasions, fraudulently obtained guarantees for loans that SBA had deemed ineligible.

They knowingly misrepresented what the loans would be used for and unlawfully diverted previously denied loan applications into expedited approval channels at SBA. When the fraudulently guaranteed loans defaulted, the defendants caused the submission of the reimbursement requests to SBA to

purchase the defaulted loans from investors and lending institutions, shifting some of the losses on the ineligible loans to SBA.

The defendants face a maximum sentence of 30 years in prison per count. The charge of conspiracy to commit wire fraud carries a maximum sentence of 20 years.

Disaster Assistance Program

Disaster assistance has been part of the agency since its inception in 1953. SBA provides long-term, low-interest financial assistance to businesses of all sizes, private nonprofits, homeowners, and renters following a declared disaster. Each year, SBA approves hundreds of millions 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 and investigations work in this program area was focused on the pandemic response programs. We have included those reports and investigations in the Pandemic Response Oversight section.

Contracting and Counseling Programs

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

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

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

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

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

Audits, Inspections, and Evaluations



SBA's Business Development Assistance to 8(a) Program Participants (Report 22-08)

We reviewed the business development assistance SBA provided 8(a) program participants from 2011-20, reviewing the files for 40 of the firms. We also examined whether the program adapted successfully during the pandemic.

We found that 15 of the 40 firms we reviewed did not have approved business plans, making these firms ineligible to receive \$93 million in 8(a) awards. We also found SBA did not consistently document that its staff assessed the needs, counseled, or conducted field visits with 8(a) firms to ensure they received the assistance needed to be prepared to compete for contracts without long-term 8(a) assistance.

However, we found SBA program officials offered program flexibilities to all 8(a) participants during the pandemic, adapting business development assistance to help firms stay in business and remain in the

program. We made eight recommendations for the agency to measure, monitor, and better deliver training and other business development assistance to 8(a) firms.

SBA management agreed with most of our recommendations. SBA plans to identify program-level goals that align with the agency's strategic plan. SBA also plans to assess the staffing and resources allocated for SBA district offices to consistently provide business development assistance and improve program participants' customer experience.

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

Investigations



Former Construction Company Owner Indicted for Defrauding Federal Program Intended for Service-Disabled Veteran-Owned Small Businesses

The former owner of several construction companies, along with two co-conspirators, were charged with conspiracy to defraud the United States in a long-running scheme to obtain valuable government contracts under an SBA certification program. The two co-conspirators pled guilty to the scheme in November 2020 and March 2021.

As part of the scheme, one of the defendants installed a service-disabled veteran as the ostensible owner of a general construction company. The business was then purported to be eligible for contracts set aside for Service-Disabled Veteran-Owned Small Businesses. The suspects ineligible for the veteran certification exercised financial and operational control over the company.

According to court documents, the conspirators concealed control of the business to secure over \$250 million in government contracts as early as 2004, continuing through to at least 2017. The fraud prevented qualifying service-disabled veteran businesses from securing these lucrative government contracts.

For conspiracy to commit wire fraud and to defraud the United States, the defendant faces a maximum penalty of 5 years in prison and a \$250,000 fine. For each wire fraud count, the defendant faces a maximum penalty of 20 years in prison and a \$250,000 fine.

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



SBA's Controls Over Cash Contributions and Gifts, Fiscal Years 2021 and 2020 (Report 22-03)

We are responsible for semiannual audits to determine the adequacy of SBA controls over the solicitation, acceptance, holding, and use of cash contributions and gifts and ensuring the agency is appropriately using and accounting for such gifts. The Consolidated Appropriations Act in 2021 and 2020 granted SBA the authority to accept gifts of up to \$4 million. In addition, SBA must put any cash gifts into a separate account.

The only activity for this review period relates to cash contributions for 2020 National Small Business Week. We found SBA complied with the Consolidated Appropriations Act and SBA regulations and policies regarding soliciting and accepting cash contributions. The 10 entities that cosponsored the business week were properly vetted through SBA program offices to ensure no business relationship existed that would cause a conflict of interest. They provided cash contributions totaling \$360,000.

Although SBA adequately complied with applicable laws and policies, we noted control deficiencies in the close out of the event. We made recommendations to ensure all cosponsored activities are closed out in a timely manner in accordance with SBA standard operating procedures. SBA management agreed with our recommendations and proposed to clarify language in the National Small Business Week cosponsorship and joinder agreements to emphasize the 90-day close out requirement. Management also assigned staff to perform monthly reconciliations to ensure the fiscal agent reporting is accurate.

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



Independent Auditors' Report on SBA's Compliance with DATA Act Reporting (Report 22-04)

The Digital Accountability and Transparency (DATA) Act of 2014 requires OIG to annually audit SBA's financial data and adherence to government financial data standards. We contracted with the independent certified public accounting firm KPMG LLP to conduct the annual audit.

KPMG's audit provided findings on the agency's reporting required under the DATA Act. SBA met the government-wide financial data standards, and the data submission was of higher quality than in previous years. The agency has made progress since the 2019 audit increasing the availability, accuracy, and usefulness of federal spending information.

However, SBA did not submit certain data completely, accurately, or on time. In addition, SBA needs to improve the completeness and accuracy of DATA Act reporting.

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



Independent Auditors' Report on SBA's FY 2021 Financial Statements (Report 22-05)

The Chief Financial Officers Act of 1990, as amended, requires an annual independent audit and report on SBA's consolidated financial statements. We contracted with the independent certified public accounting firm KPMG LLP to conduct an audit of SBA's consolidated balance sheets for Fiscal Years 21 and 20 and the notes related to those statements. KPMG was also engaged to audit the consolidated statements of net cost and changes in net position and combined statement of budgetary resources for FY 2020.

KPMG auditors found significant matters for which they were unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on SBA's consolidated financial statements for FY 2021. KPMG issued a disclaimer of opinion on the consolidated financial statements for FYs 21 and 20.

Because of inadequate processes and controls, SBA was unable to provide adequate evidential matter in support of a significant number of transactions and account balances related to the expanded Paycheck Protection and Economic Injury Disaster Loan programs and the newly implemented Restaurant Revitalization Fund and Shuttered Venue Operators Grant program.

For FY 2021, KPMG identified six material weaknesses and two significant deficiencies in internal controls over financial reporting. We provided a draft of KPMG's audit report to SBA's Acting Chief Financial Officer, who did not concur with the severity of five material weaknesses.

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

Other Significant OIG Activities

Background Investigations Ensure Integrity

During this reporting period, OIG initiated 63 background investigations and issued two security clearances for OIG employees and contractors. OIG adjudicated 16 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 43 present responsibility referrals to SBA.

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

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

Stakeholder Presentations on PPP and EIDL Fraud

During this reporting period, SBA OIG held 97 presentations for internal and external stakeholders to raise awareness of fraud, waste, and abuse related to SBA programs. More than 3,500 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 81 proposed revisions of these program directives and submitted comments designed to improve eight of the initiatives.

Approval of Small Business Development Center Surveys

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

OIG Hotline

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

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



OIG received more than 100,000 complaints from the beginning of the pandemic in March 2020 to September 30, 2020.

Significant Increases

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



Current Period

(October 1, 2021, to March 31, 2022)

Paycheck Protection Program	16,350
Economic Injury Disaster Loan	2,010
Other*	15,251
Total	33,611

*Other includes backlogged complaints not yet processed and categorized.

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

During this semiannual period, the OIG Hotline received more than 33,600 complaints of loan fraud and abuse, identity theft, and problems with SBA’s customer service.

In total, since the pandemic began in March 2020, OIG has received more than 200,000 complaints. By contrast, the OIG Hotline received 742 complaints in calendar year 2019.

Organizational Overview

U.S. Small Business Administration

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

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

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

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

Office of Inspector General

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

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

Our strategic plan for FYs 2022-27 has four goals. In addition to the Office of Counsel to the Inspector General, three divisions assist in carrying out the statutory responsibilities of the OIG: the Audits Division, Investigations Division, and the Management and Operations Division.

Our vision is to be valued and engaged change agents who set the standard for oversight excellence in support of America’s small businesses.

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

We seek to demonstrate our values of integrity, commitment, and excellence as we deliver products and services of the highest quality defined by accuracy, timeliness, fairness, and usefulness.

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

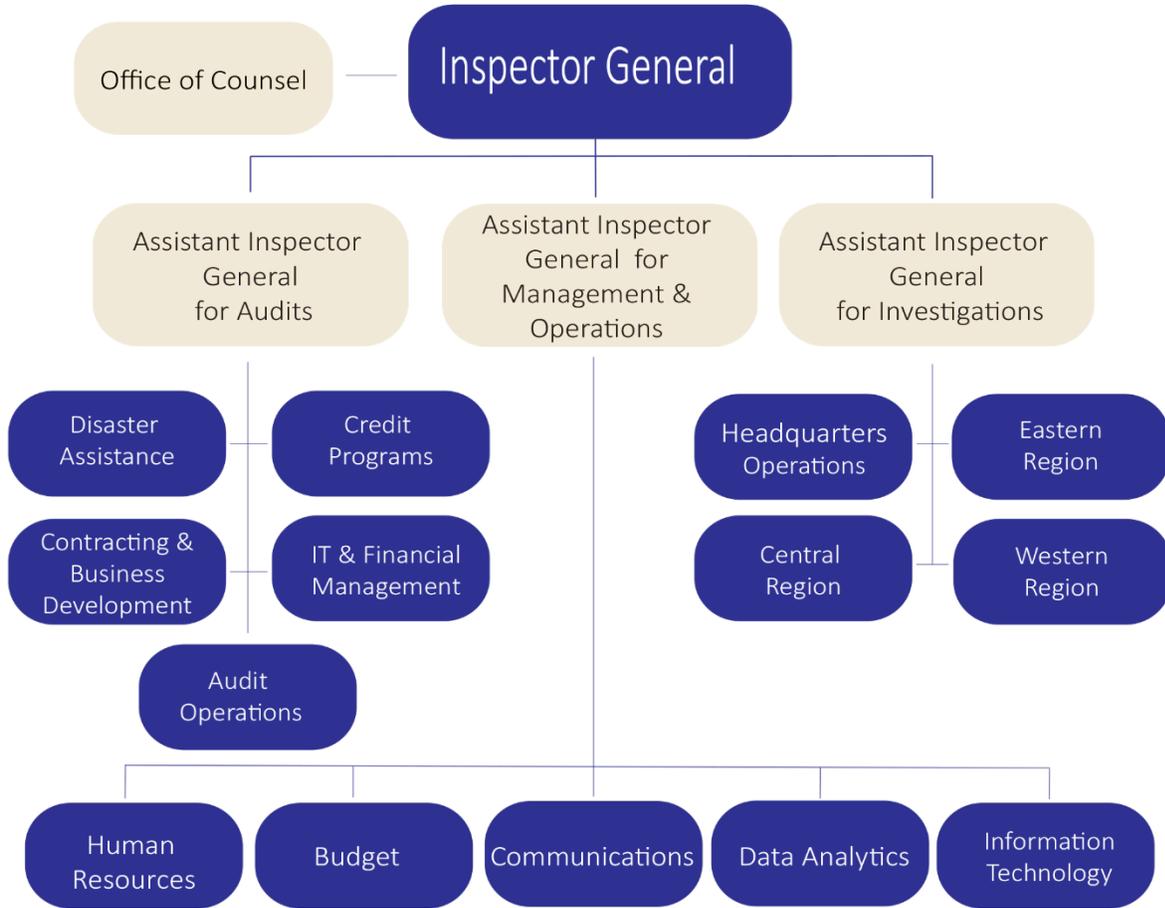
The **Audits Division** performs and oversees audits and reviews to promote the economical, efficient, and effective administration of SBA programs and operations. Key areas of emphasis are SBA loan, disaster assistance, business development, and government contracting programs, as well as mandatory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

The **Investigations Division** manages 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.

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



Appendixes

Appendix A. Reporting Period Statistical Highlights

Summary of OIG Dollar Accomplishments (dollars)

Dollar Accomplishments as a Result of Investigations and Related Activities	—
Potential Investigative Recoveries and Fines	\$95,247,267
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies)	44,965,881
Asset Forfeitures Attributed to OIG Investigations	23,766,105
Loans/Contracts Not Approved or Canceled as a Result of Investigations	6,151,506
Investigations Subtotal	170,130,759
Dollar Accomplishments as a Result of Audit Activities	—
Disallowed Costs Agreed to by Management	4,462,481,000
Recommendations that Funds Be Put to Better Use Agreed to by Management	0
Audit Subtotal	4,462,481,000
Total OIG Dollar Accomplishments	\$4,632,611,759

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

Reports Issued	9
Recommendations Issued	70
Dollar Value of Costs Questioned	\$4,607,909,066
Dollar Value of Recommendations that Funds Be Put to Better Use	0
Recommendations with Management Decisions	65
Recommendations without a Management Decision	20
Collections as a Result of Questioned Costs	0

Indictments, Convictions, and Case Actions

Indictments from OIG Cases	98
Convictions from OIG Cases	85
Cases Opened	334
Cases Closed	156

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	43
Pending at the Agency as of March 31, 2022	41
Suspensions Issued by the Agency	0
Proposed Debarments Issued by the Agency	0
Final Debarments Issued by the Agency	0
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	81
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	8

Appendix B. Reports Issued

Agency Management

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA's Controls Over Cash Contribution and Gifts FY 2021 and 2022	22-03	10/28/2021	—	—
Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	22-04	11/8/2021	—	—
Independent Auditors' Report on SBA's FY 2021 Financial Statements	22-05	11/15/2021	—	—
COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List	22-06	11/30/2021	—	—
Program Subtotal	4	—	\$14,762,774	—

Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA's Paycheck Protection Program Loan Review Processes	22-09	2/28/2022	—	—
Program Subtotal	1	—	—	—

Disaster Assistance

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA Emergency EIDL Grants to Sole Proprietors and Independent Contractors	22-01	10/7/2021	4,500,000,000	—
Program Subtotal	1	—	\$4,500,000,000	—

Contracting and Counseling Programs

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	22-07	1/18/2022	\$14,762,774	—
SBA's Business Development Assistance to 8(a) Program Participants	22-08	2/14/2022	93,146,292	—
Program Subtotal	2	—	\$107,909,066	—

Top Management Challenges

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
Top Management and Performance Challenges Facing the Small Business Administration in FY 2022	22-02	10/15/2021	—	—

Program Subtotal	1	—	—
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Appendix C. Reports, Recommendations, and Management Decisions

Reports with Questioned Costs (dollars)

IG Act Reporting Requirement	Reports	Recommendations*	Questioned Costs** (dollars)	Unsupported Costs*** (dollars)
No management decision made by September 30, 2021	1	1	\$10,800,476	10,800,476
Issued during this reporting period	3	5	4,607,909,066	4,500,000,000
Management decisions made during this reporting period	2	2	4,514,262,774	4,500,000,000
(i) Disallowed costs	1	1	4,462,481,000	4,462,481,000
(ii) Costs not disallowed	2	2	51,781,774	37,519,000
No management decision made by March 31, 2022	2	4	\$104,446,768	10,800,476

*Reports may have more than one recommendation.

**Questioned costs are costs found to be improper.

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

Reports with Recommendations that Funds Be Put to Better Use

IG Act Reporting Requirement	Reports	Recommendations	Recommended Funds for Better Use (dollars)
No management decision made by September 30, 2021	—	—	—
Issued during this reporting period	—	—	—
Subtotal	—	—	—
Management decisions made during this reporting period	—	—	—
(i) Recommendations agreed to by SBA management	—	—	—
(ii) Recommendations not agreed to by SBA management	—	—	—
No management decision made by March 31, 2022	—	—	—

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.	4/30/2022

**Reports from Prior Periods with Open Recommendations as of
March 31, 2022 (dollars)**

Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings (dollars)
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-Protege Program	9/17/2019	2	—
20-03	Audit of SBA's Oversight of High-Risk Lenders	11/12/2019	5	13,313,560
20-08	Audit of the SBA's Community Advantage Pilot Program	3/18/2020	6	51,472,944
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	—
Total	--	--	69	\$209,926,274

Significant Recommendations from Prior Reporting Periods Without Final Action as of March 31, 2022

Report Number	Date Issued	Recommendation	Date of Management Decision	Final Action Target Date
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	12/31/2021
17-19	9/28/2017	Update the microloan reporting system manual to reflect current technology capabilities.	1/4/2018	12/31/2021
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	9/15/2022
19-08	3/28/2019	Implement a plan to mitigate IT issues affecting the HUBZone certification process.	3/29/2019	1/31/2022
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
20-03	11/12/2019	Develop and implement policies and procedures to document justification for not conducting planned reviews and identifying and prioritizing additional lenders for review.	11/15/2019	7/31/2022
20-03	11/12/2019	Develop and implement a comprehensive database to manage 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

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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 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	7/31/2022
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	4/30/2022
20-08	3/18/2020	Evaluate options that facilitate the Community Advantage pilot program's ability to effectively expand access to capital in underserved markets.	6/30/2020	3/31/2022
20-08	3/18/2020	Evaluate whether it is feasible to align the maximum interest rates charged under the Community Advantage pilot program with comparable 7(a) program rates, excluding SBA Express.	6/30/2020	3/31/2022
20-08	3/18/2020	Provide criteria to lenders to assist them with assessing the borrowers' management and technical assistance needs.	8/5/2020	12/31/2021
20-08	3/18/2020	Establish methods to assess whether lenders have the expertise needed to provide management and technical assistance to underserved borrowers and to address any lender deficiencies.	6/30/2020	3/31/2022
20-08	3/18/2020	Require lenders to complete the data fields related to the management and technical assistance provided and enhance the annual Community Advantage performance analysis by including the evaluation of the performance associated with the various types of management and technical assistance.	6/30/2020	3/31/2022
20-08	3/18/2020	Establish a process to periodically assess the performance of Community Advantage loans approved with Small Business Scoring Service scores under 140 to determine whether the recently implemented SBA approval requirement is adequately mitigating the risk of loss.	6/30/2020	12/31/2021
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

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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	4/29/2022
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	4/29/2022
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	4/29/2022
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	4/29/2022
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	4/29/2022
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	4/29/2022
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	4/29/2022
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	4/29/2022
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	4/29/2022
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	4/29/2022
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	3/25/2022

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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	3/25/2022
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	3/25/2022
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	3/25/2022
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	2/28/2022
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	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
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	2/18/2022
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	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	4/30/2022
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	4/30/2022
21-08	2/3/2021	Ratify the over \$10.8 million in payments in accordance with the FAR and 48C.F.R. § 1.602-3.	—	—
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	6/30/2022
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	6/30/2022

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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	4/30/2022
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	4/30/2022
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	11/30/2021
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
21-14	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.	5/4/2021	12/31/2021
21-14	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.	5/4/2021	9/29/2024
21-14	5/4/2021	Recover \$31,215 for improperly awarded contracts and \$31,424 in unallowable or unallocable expenses.	5/4/2021	9/29/2024
21-14	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.	5/4/2021	12/31/2021
21-14	5/4/2021	Establish policies holding program officials accountable for promptly following up on financial examination results and enforcing cooperative agreement requirements.	5/4/2021	12/31/2021
21-14	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.	5/4/2021	12/31/2021

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21-14	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.	5/4/2021	9/29/2024
21-14	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.	5/4/2021	12//31/2021
21-15	5/6/2021	Develop a process to remove any fraudulent loans and related UCC filing fees from its financial records.	3/3/2022	3/31/2022
21-15	5/6/2021	Review over 150,000 returned billing statements and resolve any that involve identity theft then refer fraudulent loans to OIG.	3/3/2022	3/31/2022
21-16	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.	8/6/2021	9/30/2021
21-16	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.	8/6/2021	9/30/2021
21-16	5/12/2021	Implement additional preventative and monitoring controls to determine the eligibility of borrowers prior to approval.	2/3/2022	5/31/2022
21-16	5/12/2021	Ensure there is adequate training of staff at the National Guaranty Purchase Centers.	2/3/2022	5/31/2022
21-16	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.	2/3/2022	5/31/2022
21-16	5/12/2021	Formally document and implement additional preventative and monitoring controls to determine the eligibility of borrowers prior to approval and disbursement.	8/6/2021	9/30/2021
21-16	5/12/2021	Ensure there is adequate training of staff at the Processing and Disbursement Center.	8/6/2021	9/30/2021
21-18	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.	7/12/2021	6/30/2022

Significant Recommendations from this Reporting Period

Report Number	Date Issued	Title	Recommendation
22-01	10/7/2021	SBA's Emergency EIDL Grants to Sole Proprietors and Independent Contractors	Review the applications of sole proprietors and independent contractors that included numbers of employees but no Employer Identification Number; and remedy the \$3.5 billion disbursed to sole proprietors and \$1 billion disbursed to independent contractors that exceeded the amount allowed by SBA's policy.
22-03	10/28/2021	SBA's Controls Over Cash Contributions and Gifts, Fiscal Years 2021 and 2020	Establish and implement additional controls to ensure responsible officials follow SOP 90 75 4, as amended, closing out all cosponsored activities within 90 days as required.
22-03	10/28/2021	SBA's Controls Over Cash Contributions and Gifts, Fiscal Years 2021 and 2020	Revise the cosponsorship agreement used for National Small Business Week to eliminate and clarify conflicting instructions to ensure all cosponsored activities can be closed out within 90 days in accordance with SOP 90 75 4, as amended.
22-03	10/28/2021	SBA's Controls Over Cash Contributions and Gifts, Fiscal Years 2021 and 2020	Reconcile cash contributions reported by the fiscal agent using the cosponsors joinder agreements or the Small Business Week Cosponsorship Account bank statements to ensure the report is accurate and reliable.
22-04	11/8/2021	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to develop and enforce a plan to monitor lenders' execution of their responsibilities in the loan origination and servicing process, including accurate and timely 1502 reporting, on an ongoing basis.
22-04	11/8/2021	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	KPMG recommends the Administrator coordinate with the Associate Administrator for Disaster Assistance to enforce that documentation is maintained to evidence changes to a loan and ensure that awarding actions are entered into the source systems in a timely manner.
22-04	11/8/2021	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to update the source of the Awardee/Recipient Legal Entity Name data element mapping to be the business legal name field from the application for Emergency EIDL grants and EIDLs.
22-04	11/8/2021	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to implement validation controls to verify the accuracy of the Legal Entity Congressional District and Primary Place of Performance Congressional District data elements.

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Report Number	Date Issued	Title	Recommendation
22-04	11/8/2021	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to, in conjunction with relevant program offices, establish and implement a consistent and accurate set of rules to classify the Business Types data element in accordance with DAIMS and the appropriate business size and type criteria.
22-04	11/8/2021	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to provide notification to Treasury's DATA Act Broker Program Management Office of the Action Type element that was reported incorrectly due to the reporting process in place for resubmissions of transactions.
22-04	11/8/2021	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	KPMG recommends the Administrator coordinate with the Acting Chief financial Officer to, prior to the end of the reporting period, perform a review of all cross-check warnings on the submission files and identify action plans for remediation in the current or subsequent periods.
22-04	11/8/2021	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to implement a sufficient review of the reconciliation between File B and File C to ensure all variances are researched and necessary corrections are made to the submission prior to the SAO's certification.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to perform a thorough review of PPP loan guarantee approvals in the 2021 cohort. Based on the review, determine the impact on the outstanding loan guarantee and the eligibility for forgiveness of loans that are determined to not be in conformance with the CARES Act and related legislation and program requirements.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to, based on the results of the loan guarantee review process for the 2021 cohort of PPP loan guarantees, assess the accounting considerations, including the impact on the consolidated financial statements, and record any necessary adjustments for loans determined to not be in conformance with the CARES Act and related legislation.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to design and implement controls to identify and review PPP loan guarantees with incomplete or inaccurate lender loan status reports.

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Report Number	Date Issued	Title	Recommendation
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to determine the correct PPP loan balances and ensure the loan repository system is updated with the correct balance.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to develop and enforce a policy and controls that require the adequate training and monitoring of lenders to execute their responsibilities in the PPP loan servicing process.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to develop and enforce a policy and controls to monitor incomplete or inaccurate PPP lender loan status reports on an ongoing basis.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to, based on the results of the lender loan status reports review process for PPP loan guarantees, design and implement controls to assess the accounting considerations, including the impact on the consolidated financial statements, and record any necessary adjustments.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to develop and enforce a policy and controls that require the adequate review and validation of the outputs of the case management system.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to develop and enforce a policy and controls to monitor the results of the contractor's loan review process including a review of loans with a 'No Further Action' determination.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to design adequate controls and processes to ensure forgiveness payments are not processed for loan guarantees that have not been sufficiently reviewed.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to develop and execute a thorough, formal review plan of the COVID-19 EIDLs and grants portfolios and determine which transactions were made to ineligible recipients and did not conform with the CARES Act and related legislation.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to implement controls that prevent or detect COVID-19 EIDLs from being approved that are not in conformance with the related legislation and program's eligibility terms.

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Report Number	Date Issued	Title	Recommendation
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to 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 COVID-19 EIDLs approval.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to provide training for loan officers and team leads to reinforce their responsibilities in accordance with established and updated guidance and standard operating procedures.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to, based on the results of the review process for COVID-19 EIDLs and grants, assess the accounting considerations, including the impact on the consolidated financial statements, and record any necessary adjustments for transactions determined not to be in conformance with the CARES Act and related legislation.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to design and implement controls to continue accumulating relevant, complete, and accurate data on which to base the subsidy re-estimate models for the PPP and COVID-19 EIDLs portfolios.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to ensure there are adequate review and approval controls over the re-estimate models for the PPP and COVID-19 EIDL portfolios by appropriate levels of management, including review and documentation of relevant data inputs, development of assumptions, and reasonableness for the selected assumptions used and the resulting estimates.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to continually evaluate the established policy for SOC 1 reports that requires new service organizations to provide a SOC 1 report over the control environment that is relevant and significant to the processing and recording of SBA's transactions. 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.

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Report Number	Date Issued	Title	Recommendation
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to 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.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator of Capital Access to continually evaluate the established policy for SOC 1 reports that requires new service organizations to provide a SOC 1 report over the control environment that is relevant and significant to the processing and recording of SBA's transactions. 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.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to perform a thorough review of Restaurant Revitalization awards issued and identify recipients that may not have been eligible to receive awards in accordance with the program's terms, especially for recipients with flagged PPP loan guarantees.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to design and implement effective monitoring controls, to ensure that Restaurant Revitalization award recipients are complying with the program's terms and to ensure complete, accurate, and timely reporting for the use of the award.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Disaster Assistance to design and implement effective monitoring controls, to ensure that SVOG award recipients are complying with the program's terms and to ensure complete, accurate, and timely reporting for the use of the award.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to design and implement controls to ensure the accounting treatment established to record the Restaurant Revitalization and the SVOG program related balances is in accordance with U.S. Generally Accepted Accounting Principles and the basis for the appropriate treatment is sufficiently documented.

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Report Number	Date Issued	Title	Recommendation
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends that the Administrator coordinate with the Associate Administrators for Capital Access and Disaster Assistance to document the internal control system and processes related to the implementation of new or expanded programs from new legislation.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends that the Administrator coordinate with the Associate Administrators for Capital Access and Disaster Assistance to develop and implement monitoring controls to ensure implementation of an effective internal control environment.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends that the Administrator coordinate with the Acting Chief Financial Officer to, in conjunction with relevant program offices, assess the effectiveness of key process level controls to respond to the identified risks.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends that the Administrator coordinate with the Acting Chief Financial Officer to develop and implement a sufficient plan to test and monitor the design, implementation, and operating effectiveness of key, relevant controls that affect financial reporting and compliance with relevant laws and regulations.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statement	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to perform a review of the payments made by SBA for covered loans under the Debt Relief Program to identify, review, and remediate any potential over or under payments made on the related loans.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to consider allocating resources to implement enforcement processes that ensure the accounts of separated users are removed timely from SBA systems.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to validate that the identified accounts of separated users were not utilized after separation had occurred.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to ensure individuals responsible for removing accounts of separated users are aware of the process and periodically sent reminders of their responsibilities.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to implement controls and a monitoring process to ensure that patches applied to the database and operating system and application changes are appropriately tested prior to being moved into the production environment.

Report Number	Date Issued	Title	Recommendation
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to update the system configuration management plan to require internal control documentation for patch management and application changes as required by the Government Accountability Office's Standards for Internal Control in the Federal Government.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Associate Administrator for Capital Access to periodically train personnel involved with the implementation of database and operating system patches, and the review and approval of application changes, to follow the respective controls and requirements of the patch management and application change management processes in accordance with existing policies.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to update the risk assessment regarding the evaluation of internal controls to ensure it includes all significant programs, key processes, and other material line items on the consolidated financial statements.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to, in conjunction with relevant program offices, perform and document the internal control evaluation over all programs. This should include entity level controls, manual controls, general information technology controls, and system application controls covering key financial statement line items and risks.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to update the existing policy and implement adequate controls to ensure that the statement of assurances provided by the program offices are adequately documented and reviewed for completeness and accuracy to provide a sufficient basis to support the Administrator's statement of assurance.
22-05	11/15/2021	Independent Auditors' Report on SBA's FY 2021 Financial Statements	KPMG recommends the Administrator coordinate with the Acting Chief Financial Officer to address the control deficiencies over transactions arising from the implementation of the CARES Act and related legislation by working with the Office of Capital Access and the Office of Disaster Assistance to implement the recommendations in Appendix I—Material Weaknesses.

Report Number	Date Issued	Title	Recommendation
22-06	11/30/2021	COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List	Use Treasury's Do Not Pay (DNP) analysis to systemically flag COVID-19 EIDL and Emergency EIDL grant recipients who were found in Treasury's DNP system and not previously reported by OIG. Review the applications and determine whether they are deemed ineligible. If the applicant is deemed ineligible, recover any disbursed funds, and flag the application as ineligible.
22-06	11/30/2021	COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List	Implement prepayment and pre-award procedures and use the batch match or continuous monitoring functions available in Treasury's DNP system to identify potentially ineligible applicants before disbursing COVID-19 EIDL program funds.
22-07	1/18/2022	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	Require the grant recipient to enhance its marketing and outreach strategy to include plans to reach a greater number of small businesses and resource partner counselors and mentors. The grant recipient should also set clear performance goals with realistic targets before SBA awards any additional funds for the COVID-19 resource and training portal, as required by CARES Act Section 1103(c)(2).
22-07	1/18/2022	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	Implement procedures for enhanced financial oversight of the CARES Act Resource Partner Training Portal program to ensure the program office enforces the grant requirements and follows federal procurement standards when using noncompetitive contracting options. The requirements include a price or cost analysis for awards that exceed the simplified acquisition threshold. Another requirement ensures the grant recipient adheres to the terms in the notice of award.
22-07	1/18/2022	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	Evaluate whether the contract costs for web development services and media services are reasonable and remedy any violations.
22-07	1/18/2022	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	Assess and recover the amount spent on the unallowable contracted project management services expenses incurred during the performance of the grant.
22-07	1/18/2022	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	Recover the \$100,000 paid for unallowable pre-award project management expenses.
22-08	2/14/2022	SBA's Business Development Assistance to 8(a) Program Participants	Implement a standard process to approve initial business plans and monitor to ensure that business plans are reviewed annually, to include appropriate updates for specific targets, objectives, and goals for the business development of program participants, in accordance with 13 CFR 124.403(a) and section 7(j)(10)(D) of the Small Business Act.

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Report Number	Date Issued	Title	Recommendation
22-08	2/14/2022	SBA's Business Development Assistance to 8(a) Program Participants	Implement a standard process to capture, track, and recognize substantial achievement of the specific targets, objectives, and goals for the areas of finance, marketing, and management on 8(a) program participant business plans, in accordance with 13 CFR 124.112(f) and section 7(j)(10)(A) of the Small Business Act.
22-08	2/14/2022	SBA's Business Development Assistance to 8(a) Program Participants	Establish outcome-based performance goals and measurements to assess whether the program achieved business development objectives, including the number of graduated 8(a) firms in accordance with the measure of success in section 101(b)(2) of the Business Opportunity Development Reform Act of 1988.
22-08	2/14/2022	SBA's Business Development Assistance to 8(a) Program Participants	Implement a process that uses outcome-based performance goals for regular data-driven reviews and align program leaders' personal performance plans with the goals so program office leaders are held accountable for improving program data quality, identifying effective practices, and validating promising initiatives that align with OMB Circular A-11 Part 6--The Federal Performance Framework for Improving Program and Service Delivery guidance.
22-08	2/14/2022	SBA's Business Development Assistance to 8(a) Program Participants	Implement a process to ensure the systematic collection of accurate and complete data on program results and operations to make sure all program reporting requirements are met, in accordance with section 7(j)(16)(A) of the Small Business Act and Standards for Internal Control in the Federal Government Principles for Information and Communication.
22-08	2/14/2022	SBA's Business Development Assistance to 8(a) Program Participants	Implement requirements for management to monitor that Business Opportunity Specialists consistently assess program participant's development needs, counsel participants, conduct annual field visits, and maintain required documentation, as required by standard operating procedures.
22-08	2/14/2022	SBA's Business Development Assistance to 8(a) Program Participants	Ensure all employees performing Business Opportunity Specialist duties maintain a current Federal Acquisition Certification in Contracting Level 1 Certification within a year of appointment in accordance with section 4(g) of the Small Business Act.
22-08	2/14/2022	SBA's Business Development Assistance to 8(a) Program Participants	Use lessons learned from servicing 8(a) firms in an entirely virtual environment to coordinate district office resources and share best practices to equitably serve all 8(a) program participants. Align assigned Business Opportunity Specialist staffing levels accordingly to be consistent with ideal workload ratios as determined by the program office.
22-09	2/28/2022	SBA's Paycheck Protection Program Loan Review Processes	Develop a plan to ensure remaining forgiveness reviews and remittances are completed within 90 days as required by the CARES Act.

Significant Management Decisions with which OIG Disagrees

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

Significant Revised Management Decisions

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

Federal Financial Management Improvement Act

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

Instances of Interference

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

Appendix D. Investigations Reporting Statistics

Investigative Reports Issued

Report Type	Number of Reports
Report of Investigation	104
Preliminary Case Closing Reports of Investigation	54
Total	158

Persons Referred for Prosecution

Referred to	Number of Persons
Department of Justice	77
State Attorney	3
Local Attorney	—
Total	80

*Number includes persons and entities referred for prosecution.

Pandemic-Related Investigative Statistics

SBA OIG	Investigations	Indict/Complaint	Arrests	Convictions
PPP/EIDL*	334	97	66	84
Investment Fraud	1	1	1	1
Total	335	98	67	85

*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 Are Closed and Not Disclosed to the Public

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

Appendix E. Legal Actions Summary

Legal Actions, October 1, 2021–March 31, 2022

State	Program	Jointly With	Alleged Violations Prosecuted	Legal Action
FL	BL	FBI, IRS-CI	Subject submitted fraudulent PPP loan applications to different federally insured credit unions and banks on behalf of businesses that did not exist for residents of senior living facilities. Subject received over \$1.5 million in fraudulent loan proceeds.	Subject was sentenced to 180 months in incarceration and 5-year supervised release. Also ordered to pay \$1.5 million in restitution.
TX	BL	USPIS, FHFA, MLARS	Subject made material misrepresentations to a financial institution and filed seven fraudulent loan applications seeking more than \$6.7 million in forgivable loans through the PPP. Subject used the loan proceeds for lavish personal purchases.	Subject was sentenced to 110 months in incarceration, 3 years supervised release and ordered to pay restitution in the amount of \$1,689,952.
NJ	BL	FDIC, FBI	Subjects participated in scheme to defraud SBA of \$5 million by providing false statements in multiple PPP applications.	Individual was sentenced to 18 months incarceration and 3 years of supervised release. Another suspect was sentenced to 18 months incarceration and 3 years of supervised release. They were ordered to pay \$3.1 million in restitution.
FL	BL	FDIC-OIG, USSS	Subjects conspired with others to execute a scheme to defraud various financial institutions by opening over 700 bank accounts and shell companies with stolen and synthetic identities.	Subject 1 was sentenced to 60 months incarceration and 5 years of supervised release. Suspect 2 was sentenced to 42 months incarceration and 5 years supervised release. Suspect 3 was sentenced to 12 months and 2 years supervised release. They were ordered to pay over \$21 million in restitution.
NY	BL/DL	FBI, IRS-CI	Subjects used the identities of other individuals to submit online applications to SBA and five financial institutions for over \$7 million in loans through the PPP and EIDL programs.	Subject was sentenced to 72 months incarceration and 3 years of supervised release. Other subject was ordered to pay restitution of \$3 million.

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CA	BL	FBI, IRS-CI	As part of the scheme, subjects conspired with others to submit over 150 fraudulent loan applications and obtain over \$18 million in CARES Act funds. Subjects purchased luxury homes, gold coins, diamonds, jewelry, luxury watches, and cryptocurrency.	Subject 1 was sentenced to 72 months incarceration and 4 years of supervised release. Subject 2 was sentenced to 12 months incarceration and 3 years supervised release. Subject 3 was sentenced to 10 months of probation. Subject 4 was sentenced to 30 months incarceration and 3 years supervised release. Subject 5 was sentenced to 30 months incarceration and 3 years supervised release. Subjects were ordered to pay over \$14 million in restitution.
FL	BL	FBI, IRS-CI	Subjects forged bank statements and made material misrepresentations to a financial institution to gain approval for PPP loans, obtaining over \$2.7 million.	Subject 1 was sentenced to 37 months in incarceration and 3 years supervised release. Subject 2 was sentenced to 20 months in incarceration and 3 years supervised release. Subject 3 was sentenced to 24 months in incarceration and 3 years supervised release. They were ordered to pay \$2.7 million in restitution.
IN	GC	FDIC, FBI	Subjects originated SBA loans on behalf of various financial institutions and fraudulently obtained guarantees for loans that the SBA deemed ineligible and provided false information in connection with SBA loan originations to make them appear eligible. The subjects hid signs of ineligibility from SBA by knowingly misrepresenting the use of SBA loan proceeds and unlawfully diverting previously denied loan applications into expedited approval channels.	Subject 1 was sentenced to 68 months incarceration and 3 years of supervised release. Subject 2 was sentenced to 57 months incarceration and 3 years of supervised release. Subject 3 was sentenced to 28 months incarceration and 2 years of supervised release. Subject 4 was sentenced to 28 months incarceration and 2 years of supervised release. They were ordered to pay over \$6.9 million in restitution.
NY	BL	FBI	Subject made false statements to obtain PPP funding totaling \$637,200. Subject also made false statements related to healthcare fraud scheme.	Subject was sentenced to 96 months incarceration followed by 5 years of supervised release and restitution of \$3.6 million.
OR	BL/DL	FBI, IRS-CI	Subjects conspired to submit nine PPP and EIDL loans securing over \$3.5 million by using false payroll information and providing materially false information on loan applications.	Subject 1 was sentenced to 48 months incarceration and 5 years supervised release. Subject 2 was sentenced to 14 days incarceration and 3 years supervised release. Subjects were ordered to pay \$4 million in restitution.
OR	BL/DL	FBI, TIGTA, INTERPOL	Individual defrauded the government of over \$884,000 in obligated PPP and EIDL funds.	Subject was sentenced to 21 months incarceration and 5 years supervised release. Subject was ordered to pay \$910,773 in restitution.

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CA	BL	FBI, IRS-CI, FRBO, USSS, TIGTA	Several subjects planned a scheme to unlawfully enrich themselves by submitting false and fraudulent loan applications for over \$2 million.	Subject 1 was sentenced to 12 months incarceration and 3 years of supervised release. Subject 2 was sentenced to 18 months in incarceration and 3 years of supervised release. Subjects were ordered to pay \$2 million in restitution and a fine of \$1 million.
SC	GC	DCIS, USDA, AFOSI	Subjects created fictitious documents which were submitted to SBA in order to remain in the 8(a) program. They received over \$85 million in contracts, primarily from the US Air Force.	Subjects were sentenced to 3 years supervised release, 100 hours of community service, and ordered to pay a \$500,000 fine.
NC	BL/DL	FDIC, IRS-CI, TICTA	Individuals defrauded SBA and authorized lenders within the PPP/EIDL programs by claiming false business operations. They fraudulently received \$1.3 million.	Subject 1 was sentenced to 72 months incarceration and 3 years supervised release. Subject 2 was sentenced to 66 months incarceration and 3 years supervised release. Subject 3 was sentenced to 60 months incarceration, 3 years supervised release. Individuals were ordered to pay \$1.3 million in restitution.
OR	BL/DL	IRS-CI	Subject devised a scheme involving PPP and EIDL loans using a false identity, purchasing a 2020 Ford F-350 truck and a Tesla Model X using a counterfeit driver's license.	Subject was sentenced to 61 months incarceration, 4 years supervised release, and was ordered to pay \$856,378 in restitution.
GA	BL	TIGTA	Subject made multiple false statements and obtained two PPP loans over \$1.2 million.	Subject was sentenced to 36 months of confinement, 36 months of supervised release, and ordered to pay \$802,301 in restitution.
WA	BL/DL	FBI, FDIC-OIG, TIGTA, IRS-CI, HSI, HHS-OIG	Subject submitted 26 fraudulent PPP applications and 13 EIDL applications to federally insured financial institutions and SBA seeking over \$3.5 million in COVID-19 relief funds.	Subject was sentenced to 48 months in incarceration, 3 years supervised release, and ordered to pay \$1.4 million in restitution.
AZ	GC	DCIS, Army CID, AFOSI	Several individuals falsely certified that they met certain requirements to bid on contracts that were set aside for companies that qualified under the Historically Underutilized Business Zones (HUBZone) program.	Subject was sentenced to 3 years of probation and ordered to pay \$250,000 in restitution.
SC	BL	TIGTA, IRS-CI	Subject submitted PPP application falsifying employee and revenue information with resulting losses totaling over \$1 million, misused proceeds for luxury items, gambling, and travel.	Subject was sentenced to 24 months incarceration and 3 years supervised release. Subject was ordered to pay \$1 million in restitution.
USVI	BL	IRS-CI, USSS	Subject made false statement to obtain several PPP loans in the amount of \$794,287.	Subject was sentenced to 33 months of incarceration, 4 years supervised release, and ordered to pay \$383,397 in restitution.
NY	BL	FBI, IRS-CI	Subject submitted fraudulent documents of inflated employee payroll documents to obtain multiple PPP loans over \$5 million. Subject misused the proceeds for luxury items, vehicle, and travel.	Individual was sentenced to 60 months incarceration, 3 years of supervised release, and \$5 million in restitution.

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DC	BL	FBI	Subject made false assertions and certifications concerning PPP loans totaling \$1.1 million.	Subject was sentenced to 46 months in incarceration and 2 years supervised release. Subject was ordered to pay \$1.4 million in restitution.
TX	BL	USPIS	Business that was not operating before the COVID-19 pandemic applied for and received \$1.1 million in PPP funds.	Subject was sentenced to 8 months incarceration and 12 months supervised release. Subject was ordered to pay \$997,486 in restitution.
KY	DL	USSS	Subject made multiple false statements and obtained loan proceeds.	Subject was sentenced to 12 months of incarceration and 3 years supervised release.
CO	DL	USSS	Subject submitted fraudulent EIDL applications to SBA on behalf of more than 70 companies. Received over \$4.4 million in fraudulent proceeds.	Subject was sentenced to 32 months in incarceration, 3 years supervised release, and to pay \$622,683 in restitution.
RI	BL	FBI, FDIC, IRS-CI	Subjects obtained PPP funding purporting to own three restaurants.	Subject was sentenced to 56 months incarceration and 3 years of supervised release. Subject was sentenced to 6 months home confinement, a fine \$5,000 and 3 years supervised release.
TX	GC	DOJ ATD, Army CID, GSA-OIG, VA-OIG, DCIS	Individuals participated in a pass-through scheme to defraud the SBA Service-Disabled Veteran-Owned small business program.	Suspects were debarred for 36 months.
CO	GC	DCIS and Army CID	Fraud involving two construction companies in violation of the 8a program.	Civil judgment ordered to pay \$1.1 million.
VA	BL	FDIC, IRS-CI	As part of a scheme, subject submitted fraudulent loan applications and obtained over \$2 million in CARES Act funds.	Subject was sentenced to 33 months incarceration and 2 years supervised release. Subject was ordered to pay \$2.5 million in restitution and a \$15,000 fine.
AK	BL	FBI	Individual applied for a PPP loan on their joint business without consent and subsequently falsified PPP loan documentation to obtain funding totaling \$1 million.	Subject negotiated through a civil settlement agreement in the amount of \$397,900.
VA	GC	NASA	Subject falsely certified as a Woman-Owned Small Business and misrepresented to the federal government and prime contractors in order to qualify for set-aside contracting opportunities.	Subject was sentenced to 6 months incarceration and 3 years of supervised release. Subject was sentenced to 12 months of unsupervised release. Two subjects were sentenced to 12 months of probation with a \$5,000 fine. Subjects were ordered to pay \$1 million in restitution.
RI	BL	FBI, FDIC, IRS-CI	Subject made false statements and fraudulently applied for more than \$4.7 million in PPP loans.	Subject was sentenced to 70 months incarceration, 3 years of supervised release, and ordered to pay \$599,251 in restitution.
OK	BL	BGFRS, FBI	Individual created fraudulent documents, businesses and false identities and received \$125,900 in loan proceeds.	Individual was sentenced to 24 months incarceration, 1 year of supervised release, and ordered to pay \$25,906 in restitution.

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IA	BL	FRB-OIG, FDIC-OIG, FBI	Subject generated unlawful revenue and fees for employers and fraudulently obtained SBA loan guarantees upward of \$4.6 million.	Subject was sentenced to 9 months incarceration and 4 years and 2 months of supervised release. Subject was ordered to pay \$4.5 million in restitution.
GA	DL	USSS, SSA-OIG	Subject unlawfully obtained an EIDL in the amount of \$150,000 for a non-existent business and then used the proceeds for personal travel expenses, shopping sprees, cash withdrawals, and a large wire transfer to a personal associate.	Subject was sentenced to 48 months incarceration, restitution of \$150,000 and a \$5,000 fine.
CO	BL/DL	USSS, DOJ	Subject submitted false and fraudulent EIDL and PPP applications and received over \$660,000. The individual claimed and received over \$40,000 in unemployment insurance benefits on behalf of ineligible family members without their knowledge or consent.	Subject was sentenced to 30 months incarceration and 3 years of supervised release. Subject was ordered to pay \$708,141 in restitution.
MO	GC	DCIS, GSA-OIG, Army- CID, IRS-CI, VA-OIG, USDA-OIG, USSS, DOL-OIG	Subjects participated in a fraud scheme and conspired to operate companies with straw owners who qualified as socially and economically disadvantaged or service-disabled veterans, but who did not actually control the companies.	Subject was sentenced to 28 months incarceration and 3 years supervised release. Subject was sentenced to 10 years of probation. Individuals were ordered to pay \$5.5 million in restitution.

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

Legal Actions Summary Program Codes

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

Joint Investigation Agency Acronyms

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

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United States Airforce Office of Special Investigations (AFOSI)
United States Army/Criminal Investigation Division (Army/CID)
United States Department of Agriculture Office of Inspector General (USDA/OIG)
United States Naval Criminal Investigative Service (NCIS)
United States Postal Inspection Service (USPIS)
United States Secret Service (USSS)

Appendix F. Cosponsored and Other Activities

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

Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
Woostapreneurs Forum	Massachusetts District Office, Worcester Area Chamber of Commerce	Virtual	3/8/2022
Women's Business Summit	Headquarters/Office of Women's Business Ownership, Nasdaq Entrepreneurial Center	Virtual	2/23/2022
Small Business Initiative Workshops and Webinars	New York District Office, City of Newburgh	Newburgh, NY	2/11/2022
2022 Resource Partners Bi-Annual Meetings	San Francisco District Office, California Association for Microenterprise Opportunity	Virtual and San Francisco District Office	2/10/2022
Small Business Community Engagement Conversations	Headquarters/Office of Communications and Public Liaison, Public Private Strategies Institute	Virtual	2/8/2022
2022 Virtual Entrepreneurship Day	Vermont District Office, Vermont Small Business Development Center, Vermont Business Education Corporation, Vermont Career and Technical Student Organizations	Virtual	1/28/2022
2022 Nevada Small Business Awards	Nevada District Office, Access Community Capital	Las Vegas, NV	1/27/2022
National Small Business Week 2022	Headquarters/Office of Communications and Public Liaison, SCORE Association, Visa USA Inc., ADP Inc., Lockheed Martin Corp., Zebra Technologies, CenturyLink-Lumen Technologies Inc., Vistage Worldwide Inc., Fidelity National Information Services Inc., JPMorgan Chase Bank, Amazon.com Services, Constant Contact Inc., Meta Platforms Inc. Facebook Inc., Block Inc., Square Inc.	Virtual	1/12/2022
National Small Business Week Awards Luncheon	Utah District Office, Mountain America Federal Credit Union, Utah Small Business Development Center Network	Salt Lake City, UT	1/12/2022
Lender Awards Breakfast	Utah District Office, Mountain America Federal Credit Union	Salt Lake City, UT	1/12/2022
Community Resources Lunch & Learn with BBB and SBA Arkansas	Arkansas District Office, Better Business Bureau of Arkansas Education Foundation Inc.	Virtual	1/11/ 2022
Government Procurement Training Series, FY 2022	North Dakota District Office, North Dakota Small Business Development Center, host of Procurement Technical Assistance Center University of North Dakota	Virtual and Statewide	1/10/2022
Small Business Digital Alliance	Headquarters/Office of the Administrator, Business Forward Inc.	Virtual and SBA Regional Offices	1/4/2022
Small Business Saturday	Headquarters/Office of Communications and Public Liaison, American Express, WIPP	Virtual and US Statewide	11/1/2021
Contracting, Financing and Small Business Outreach	Hawaii District Office, Hawaii Department of Transportation, Office of Civil Rights Disadvantaged Business Enterprise, Minority Business Development Center aka Honolulu Minority Business Center University of Hawaii Manoa, Shidler College of Business	Virtual and Hawaii Statewide	10/27/2021

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Massachusetts Small Business B2B Contracting Matchmaker	Massachusetts District Office, Office of U.S. Senator Elizabeth Warren, Massachusetts Small Business Development Center, Massachusetts Procurement Technical Assistance Center, Center for Women and Enterprise, SCORE Boston Chapter	Virtual	10/12/2021
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Appendix G. External Peer Reviews

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

Audits Division

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

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

In addition, in FY 2022, our Audits Division reviewed the U.S. Department of Education OIG against the Blue Book standards for the period ending September 30, 2021. Education 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 September 2017, FDIC OIG reviewed our Investigations Division and issued a final report December 19, 2017. FDIC OIG found that the system of internal safeguards and management procedures for the investigative function of OIG complied with the quality standards established by CIGIE and the applicable Attorney General's Guidelines. No recommendations were offered.

Appendix H. 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 March 31, 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 March 31, 2019
5(a)(11)	Revised management decisions	Significant Revised Management Decisions
5(a)(12)	Management decisions with which the Inspector General disagrees	Significant Management Decisions with Which OIG Disagrees
5(a)(13)	Information described under section 05(b) of the Federal Financial Management Improvement Act of 1996	Federal Financial Management Improvement Act
5(a)(14)(16)	Peer review results	External Peer Reviews
5(a)(17)(18)	Investigative statistical tables and supporting metrics	Investigations Reporting Statistics
5(a)(19)	Investigations involving a senior government employee where allegations of misconduct were substantiated	Investigations Involving a Senior Government Employee Where Misconduct Was Substantiated
5(a)(20)	Whistleblower retaliation	Whistleblower Retaliation Cases
5(a)(21)	Attempts to interfere with the independence of OIG	Instances of Interference
5(a)(22)	Each closed inspection, evaluation, and audit not disclosed to the public; each closed investigation involving a senior government employee not disclosed to the public	Investigations Involving a Senior Government Employee that Is Closed and Not Disclosed to the Public

Make a Difference

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

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

Write or Visit:

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

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