

# Semiannual Report to Congress

October 1, 2023 – March 31, 2024



# Message from the Inspector General

April 30, 2024



Hannibal "Mike" Ware

I am pleased to present the U.S. Small Business Administration (SBA) Office of Inspector General's (OIG) Spring 2024 *Semiannual Report to Congress*. This report summarizes OIG's activities from October 1, 2023 through March 31, 2024, as required by law.

OIG has prioritized its oversight work to align with top management and performance challenges facing the agency's programs and operations.

Even though we have the monumental mission of investigating fraud in the Coronavirus Disease 2019 (COVID-19) pandemic response programs, Congress did not provide a fiscal year (FY) 2024 appropriation that met the President's request for our office. As we fight fraud, OIG is also tasked with the oversight necessary to mitigate the top management and performance challenges facing SBA. We have repeatedly achieved multi-billion dollar returns on investment (ROI) for taxpayers. Our recommended corrective actions promote a more efficient and effective SBA, allowing the nation's economic engine — small businesses — to flourish. With the exhaustion of supplemental funding at the close of FY 2024, OIG will not have sufficient resources to meet SBA's oversight needs, in particular the capacity to continue to investigate the more than \$200 billion COVID-19 fraud landscape.

We have implemented measures to address this budget shortfall by utilizing attrition, refraining from backfilling critical positions, reducing training opportunities, and postponing the filling of essential vacancies. These steps are intended to extend the availability of the remaining supplemental funds into 2025. Already, our oversight capacity is 13 percent less than the 240 positions that would have been authorized by the President's FY 2024 budget for this office, and we expect this number to decrease significantly without congressional intervention.

We have estimated that SBA disbursed over \$200 billion in potentially fraudulent COVID-19 Economic Injury Disaster Loans (EIDL), EIDL Targeted Advances, Supplemental Targeted Advances, and Paycheck Protection Program (PPP) loans. This illustrates that we need the resources to continue bringing fraudsters to justice and help return taxpayer funds, not reward criminals who exploited a system meant to assist struggling small business owners and entrepreneurs during an economic crisis.

## Our Work this Period

During this reporting period, OIG continued to bring fraudsters to justice and provide an exponential ROI to American taxpayers. During the 6-month period from October 1, 2023 through March 2024, OIG issued 10 reports with 88 recommendations to improve SBA operations and reduce fraud and unnecessary losses in agency programs. We questioned \$7.9 billion in costs from our oversight reviews. In addition, OIG investigations resulted in 130 indictments and 124 convictions.



The following highlights a few significant reviews and investigation findings covered in this report:

- The successful prosecution of a \$20 million COVID-19 relief fraud ring. The leader was sentenced to 15 years and co-conspirators were collectively sentenced to over 17 years in federal prison for fraudulently obtaining PPP funds.
- The successful prosecution of a Georgia man who was sentenced to pay over \$18 million in restitution and serve 70 months in prison for leading a ring that fraudulently applied for and obtained PPP funds.
- Over \$1.4 billion in questioned costs in our SBA’s Eligibility and Forgiveness Reviews of Paycheck Protection Program Loans Made to Borrowers with Treasury’s Do Not Pay Data Matches evaluation (Report 24-06), which provided seven recommendations to strengthen SBA’s internal controls and ensure procedures exist to ensure borrowers met eligibility requirements.
- Over \$6.5 billion in questioned costs disbursed from the Restaurant Revitalization Fund (Report 24-09), which recommended SBA improve the use of data to reduce risk risks of making improper payments and recover awards that did not meet eligibility requirements or exceeded statutory limits.

## OIG Staff Dedication and Success

The nation can depend on OIG to provide independent, objective, and timely oversight of SBA. OIG's engaged workforce will continue to give taxpayers a significant ROI, rooting out fraud, waste, and abuse in SBA programs. Our resources will focus on systems and processes that present serious management and performance challenges within SBA programs to improve the integrity, accountability, and performance of those programs for the benefit of the American people.

A handwritten signature in black ink, appearing to read 'H. Ware', with a large, stylized initial 'H'.

Hannibal "Mike" Ware

SBA Inspector General

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# SBA's Top Management and Performance Challenges

Each year, SBA's Office of Inspector General (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's financial report.

The management challenges represent areas 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 Coronavirus Disease 2019 (COVID-19) pandemic 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 2024 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 2024* in the [Reports section of the SBA OIG website](#).

## Management & Performance Challenges FY 2024

### Challenge 1

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

### Challenge 2

Eligibility Concerns in Small Business Contracting Programs Undermine the Reliability of Contracting Goal Achievements

### Challenge 3

SBA Faces Significant Challenges in IT Investments, 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 7(a) Loan Program 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

As a result of the COVID-19 pandemic's widespread economic effects on the U.S. economy, Congress approved legislation to create SBA's Paycheck Protection Program (PPP), which was gradually increased to \$813.7 billion. Congress also increased funding to SBA's disaster assistance program with a \$50 billion appropriation that made \$367 billion available through the Economic Injury Disaster Loan (EIDL) program and \$20 billion available for emergency grants for eligible entities, which was then increased to \$55 billion total in 2021.

Congress enacted the Shuttered Venue Operators Grant (SVOG) with \$15 billion for SBA to administer in grants to shuttered venues, which was increased to \$16.25 billion in total in 2021. Also in 2021, Congress established the Restaurant Revitalization Fund (RRF) program with \$28.6 billion to help small businesses in the food service industry adversely affected by the pandemic.

Executive and legislative actions intended to expedite aid during the crisis led SBA to reduce or eliminate key internal controls that could have helped mitigate fraud and misuse of taxpayer funds. In the EIDL program, the agency relied on a mandated self-certification of eligibility to expedite aid. The unprecedented demand and stress on SBA systems were considerable challenges for the agency, and fraudsters took advantage.

The following summarizes our pandemic oversight work this period.

## Audit, Inspections, and Evaluation



### **SBA's Internal Controls to Prevent Shuttered Venue Operators Grants to Ineligible Applicants (Report 24-02)**

We assessed SBA's SVOG controls to prevent disbursements to ineligible entities. Our review focused on general eligibility requirements applicable to all SVOG applicants and venue-specific requirements applicable to live venue operators. We found SBA delayed launching the SVOG application portal for over 2 weeks in April 2021 due to technical issues. In June 2021, SBA officials made program changes, which SBA called a "program refresh," to accelerate application

processing and expedite the release of program funds. SBA stopped using the application portal to track applicant compliance with each eligibility requirement, switching instead to a manual checklist. SBA staff were instructed to presume applicant assertions to be true unless a clear indication of fraud was present. SBA also established a strict 4-hour review time limit per application and limited or eliminated certain verification procedures.

We recommended SBA management 1) reevaluate eligibility for the 47 SVOG applicants we reviewed and recover funds from applicants determined to be ineligible and 2) implement additional controls for the monitoring, auditing, and compliance phases to prevent ineligible entities from receiving grants.

SBA management disagreed with the audit's finding because they did not believe our samples sufficiently tested for eligibility and internal controls documented. Management agreed in principle with recommendations 1 and 2.

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



## **SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program (Report 24-04)**

We conducted a verification inspection of SBA's corrective actions for the five recommendations in OIG's *SBA's Handling of Identity Theft in the COVID-19 Economic Injury Disaster Loan Program* evaluation report (Report 21-15). We initiated this verification inspection to determine whether SBA had fully implemented the closed recommendations or if further corrective actions were needed. Accordingly, our objective was to determine the effectiveness of the corrective actions SBA implemented to 1) resolve credit-related issues for COVID-19 EIDL identity theft victims, 2) charge-off fraudulent loans and remove Uniform Commercial Code filing fees for loans associated with identity theft, and 3) review over 150,000 returned billing statements and resolve any involving identity theft.

We determined recommendations 1, 2, 3, and 4 in Report 21-15 to be fully implemented. Specifically, SBA:

- Implemented processes using two software systems to maintain and track identity theft complaints.
- Implemented an effective process to review identity theft complaints and send complainants letters notifying them of the outcome.

- Developed an effective process to suspend automated notices, disassociate the victims' tax identification numbers from the fraudulent loans, and mail victims a UCC-3 Termination Form for validated cases of identity theft.
- Developed an effective process requiring two reviewers to charge off loans and UCC filing fees connected to validated identity theft complaints.

However, we found that SBA management had not fully implemented recommendation 5. SBA successfully addressed the first part of the recommendation by implementing a phone calling campaign to obtain updated mailing addresses for over 150,000 returned billing statements. Nonetheless, SBA did not implement a formal process to resolve billing statements involving identity theft. We will track management's implementation by reopening the recommendation.

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



## **SBA's Restaurant Revitalization Fund Program Award Practices (Report 24-09)**

We reviewed SBA's RRF application review and approval process. The American Rescue Plan Act of 2021 established the RRF to help small businesses in the food service industry adversely affected by the COVID-19 pandemic. Beginning in May 2021, SBA received 278,300 RRF applications requesting \$72.2 billion in relief payments. SBA approved approximately 101,000 applications and disbursed all \$28.6 billion authorized for the program. SBA developed an implementation plan including a risk framework intended to reduce the risk of making improper payments and awarding RRF funds to ineligible recipients. However, the plan did not include all program requirements and SBA did not always adhere to the plan or have sufficient controls to ensure RRF applicants met program and statutory requirements. As a result, we determined SBA:

- Awarded \$552 million of improper payments to applicants with a history of "likely fraud" by not effectively leveraging fraud indicators available in PPP loan data as planned.
- Awarded \$6 billion to applicants without verifying historical data as planned.
- Awarded \$377 million to applicants who claimed to operate as an inn or brewery, through automated approval and without program eligibility review.
- Awarded \$55 million to affiliate groups that collectively received amounts in excess of the statutory limit.

We made five recommendations for SBA to improve the use of data to reduce risks of making improper payments and review and recover funds awarded to applicants who did not meet eligibility requirements or received funds that exceeded statutory limits. Management agreed or partially agreed with all five recommendations. Management plans to develop a fraud risk

framework to reduce improper payment risks in SBA programs and recover funds paid to affiliated business groups that exceed statutory limits.

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



## **SBA's Eligibility and Forgiveness Reviews of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches (Report 24-06)**

This report follows up an earlier SBA OIG report (Report Number 21-06) that found SBA did not use Department of Treasury Do Not Pay data to screen borrowers for eligibility prior to approving PPP loans originated before August 8, 2020. Our prior report found 57,473 potentially ineligible Do Not Pay matched loans totaling about \$3.6 billion for PPP round one (April 4 through August 8, 2020). In this report, we assessed SBA actions to address potentially ineligible loans identified in the earlier report and its implementation of controls to review Do Not Pay data for PPP loans originated after August 8, 2020 (PPP round two).

We found that SBA's review plan was not adequate to ensure loans with known Do Not Pay data matches were cleared before disbursement and its loan review procedures were not always adequate to ensure borrowers met eligibility requirements or sufficient to assess eligibility. As a result, we recommended SBA implement or enhance policies and procedures to ensure compliance with program requirements and federal standards for identifying and preventing improper payments and seek remedy or repayment of ineligible loans. We made seven recommendations to SBA including, but not limited to, reviewing the 1,799 PPP loans totaling over \$89 million, that matched a Do Not Pay data source to ensure eligibility requirements were met and seek remedy or repayment of loans deemed ineligible and reviewing the 49 PPP loans totaling approximately \$35 million and the 43 loans totaling approximately \$72 million to ensure borrowers met eligibility requirements and seek remedy or repayment of loans deemed ineligible, and reviewing the additional 47, 940 PPP loans totaling over \$1.7 billion, identified through the Do Not Pay data match, to ensure borrowers met the eligibility requirements and seek remedy or repayment of loans deemed ineligible.

SBA partially agreed with six of the recommendations and disagreed with one.

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

## Notable Investigations



### **CEO of Company Providing Homes for Parolees and Probationers Sentenced to 17 Years for Bank Fraud, Wire Fraud, Witness Tampering**

A California man was sentenced to 17 years in prison after being convicted of 44 felonies, including conspiracy, bank fraud, wire fraud, aggravated identity theft, false statements to a bank, destruction of property to prevent a search, possession of a firearm as a felon, making a false tax return, obstruction, and witness tampering. His company provided a residential reentry home for probationers, parolees, homeless persons, and persons with mild mental illness. He carried out multiple schemes to defraud, including defrauding organizations that placed residents at his company's transitional housing facilities and defrauding several lenders that were participating in the PPP. The evidence at trial showed that he submitted a total of 16 fraudulent loan applications seeking approximately \$34.6 million in PPP loans. The jury also found that he attempted to destroy evidence, obstructed the grand jury's investigations into his crimes, and tampered with a witness by attempting to conceal the witness while law enforcement was taking steps to execute a material witness order.



### **Former Florida State Representative Sentenced for Wire Fraud, Money Laundering, Making False Statements**

A Florida man was sentenced to 4 months in federal prison for wire fraud, money laundering, and making false statements in connection with COVID-19 relief fraud. The former Florida state representative devised a scheme to defraud SBA and obtain small business loans by means of materially false and fraudulent pretenses, representations, and promises and, while executing the scheme, transmitted wire communications in interstate commerce. He also submitted to SBA a false and fraudulent EIDL application in the name of one of his dormant business entities. Through this conduct, he fraudulently obtained \$150,000 in COVID-19 relief funds from SBA.



## **Leader of \$20 Million COVID-19 Relief Fraud Ring Sentenced to 15 Years**

A Texas man, who is the head of a multi-million dollar COVID-19 relief fraud ring and six of his co-conspirators were sentenced for fraudulently obtaining more than \$20 million in forgivable PPP loans that the SBA guaranteed under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. According to court documents, he was sentenced to 15 years in prison and ordered to forfeit \$5.5 million for leading the conspiracy and for conspiring to submit 75 fraudulent PPP loan applications in 2020. In the applications, the defendants falsified the number of employees and the average monthly payroll expenses of the applicant businesses and submitted fraudulent bank records and fake federal tax forms in support of the PPP loan applications. He paid some of the defendant's large kickbacks in exchange for their assistance with the false and fraudulent PPP loan applications. In addition, the co-conspirators were sentenced for their roles in the loan fraud scheme.



## **Man Charged for \$10 Million COVID-19 Relief Fraud Scheme**

A California man was charged in a scheme to fraudulently obtain more than \$10 million in CARES Act loans. According to court documents, he allegedly submitted fake tax documents and business records to three banks to obtain two PPP loans and one Main Street Lending Program loan totaling \$10.6 million. He is charged with four counts of wire fraud and, if convicted, faces a maximum penalty of 20 years in prison on each count.



## **COVID-19 Fraudster Sentenced, Ordered to Repay Stolen Funds**

A Georgia man was sentenced to 64 months in federal prison and ordered to pay \$1.9 million in restitution after being convicted at trial for conspiracy to commit wire fraud, wire fraud, and money laundering conspiracy. He stole nearly \$2 million in COVID-19 small business relief funding by devising a complex and far-reaching scheme to steal federal funding intended to provide relief to small businesses struggling from the COVID-19 pandemic. Court documents state that he used information for non-existent companies to file at least 46 fraudulent applications for EIDL and PPP loans for himself and others from April 2020 through May of 2021, seeking more than \$4.2 million in COVID-19 relief funds. He received nearly \$2 million in funding directly or was

paid by other recipients for his work in submitting the EIDL applications on their behalf. He then conspired to launder the fraudulent proceeds to hide the source of the funds.



## **Two Former Miami Police Department Employees Pled Guilty to COVID-19 Relief Fraud**

Two Florida women pled guilty to one count of wire fraud in the Southern District of Florida in connection with their fraudulent applications for a PPP loan and an EIDL program loan. At the time they were both full-time employees of the Miami Police Department and submitted fraudulent PPP and EIDL program loan applications on behalf of several companies that they purportedly owned. They falsified information in the loan applications and supporting documents, including claims that some of the businesses had a gross income over \$1 million. They also submitted falsified federal tax returns. In addition, they misused loan proceeds by transferring the funds to personal bank accounts. They are scheduled for sentencing in May 2024 in Miami, Florida, where they each face a maximum sentence of 20 years in prison.



## **Atlanta-Based Financial Adviser Sentenced for COVID-19 Relief Fraud Scheme**

A Georgia man pled guilty and was sentenced to over 3 three years in federal prison, followed by 3 years of supervised release, and ordered to pay restitution in the amount of \$1.1 million for a multi-million dollar fraud scheme related to a COVID-19 relief program. He conspired with others to submit millions of dollars of fraudulent EIDL loan applications in the names of shell companies that had no employees and conducted no business activities. He filed fraudulent EIDL loan applications and recruited and taught others to file fraudulent applications, totaling over \$2 million. He posted related videos on his YouTube channel, where he provided financial and investment advice before the pandemic. In a May 2020 video titled "EIDL, disaster assistance you don't have to pay back," he explained, in Korean, that applicants could receive tens of thousands of dollars in assistance without collateral or a co-signor, using only the applicant's electronic signature.



## **Seven Chicago-Area Residents Charged with \$16 Million in COVID Relief Fraud**

Seven Chicago area residents have been indicted on federal charges for allegedly fraudulently obtaining at least \$16 million in small business loans and grants under the CARES Act. The defendants engaged in fraud related to the EIDL program. According to the

indictment, the defendants submitted fraudulent applications to SBA, claiming to own and operate various businesses in Illinois and Florida. The applications and supporting documents contained materially false representations about the defendants' companies, including the purported number of employees, revenue amounts, and other expenses, the indictment states.

The indictment alleges that the defendants caused SBA to disburse at least \$16 million in EIDL loans and grants into bank accounts controlled by the defendants and others. The defendants allegedly used the money to make cash withdrawals and transfers for their personal benefit.

## Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. The agency has a financial assistance portfolio of guaranteed and direct loans that totaled about \$170 billion as of September 2023, after the forgiveness of over \$750 billion in PPP loans. 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. Recipients may use proceeds from a 7(a) loan to establish a new business or assist in acquiring, operating, or expanding an existing business. This program relies on numerous outside parties (such as borrowers, loan agents, and lenders) to complete loan transactions.

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 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.

The following summarizes our audit and investigation work this period.

## Investigation



### **Loan Brokers and Bank Loan Officer Sentenced for Bank Fraud Scheme**

Two operators of a loan brokerage business and a loan officer at a Massachusetts-based bank were sentenced for conspiring to defraud a bank and SBA. According to court documents, each was sentenced to 1 year and 2 years of supervised release, and collectively

ordered to pay restitution of over \$2.6 million. The defendants previously pled guilty to one count each of conspiracy to commit bank fraud.

Between 2015 and 2018, they agreed to defraud a bank and SBA by submitting fraudulent loan applications to the bank, which administered the SBA Express loan program, to secure SBA-guaranteed bank loans. Specifically, they submitted dozens of fraudulent loan applications on behalf of borrowers who were ineligible for traditional business loans. These loan applications misrepresented the identity of the real loan recipients and the businesses for which the loans were sought.

They falsified applicant signatures and falsely indicated that no broker had assisted in preparing or referring the loan applications when, in fact, they charged borrowers excessive fees for obtaining these fraudulent loans. Many of the loans the bank issued as a result of the fraudulent applications ultimately defaulted, resulting in substantial losses to the bank.

## 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, economic injury disaster loans (includes pandemic relief loans), and military reservist economic injury loans.

During this semiannual period, our audit and investigations work in this program area focused on pandemic response programs.

## Notable Investigations



### Jefferson City Man Pled Guilty to \$12 Million Bank Fraud Scheme

A Missouri man pled guilty in federal court to a \$12.4 million bank fraud scheme that included fraudulent PPP loans for four businesses. He pled guilty to one count of bank fraud, one count of money laundering, and one count of aggravated identity theft. He received a total of \$12.4 million in PPP loans for his four businesses. In each of those loan applications, he admitted that he failed to disclose his ownership in the other three businesses and made materially false and fraudulent claims in the loan applications and supporting documentation. He falsely stated the businesses were in operation on February 15, 2020 and eligible for PPP loans. He also inflated the income of those businesses and claimed payroll for employees who did not exist or no longer worked for him.



## **Leader of \$6.8 million Pandemic Fraud Scheme Sentenced to 5 Years in Prison**

A Washington woman was sentenced to 5 years in prison and ordered to pay over \$5 million in restitution for her role in a scheme to defraud the government of more than \$3.3 million in pandemic assistance programs. She received more than \$2 million in fraudulent proceeds and spent the money on luxury cars, lavish trips, cosmetic surgery, jewelry, and designer goods. Overall, the fraud ring sought to steal more than \$6.8 million in pandemic benefits from nearly every major pandemic assistance program. According to case records, from June 2020 to February 2022, she personally submitted over 125 fraudulent applications for the U.S. Department of Treasury’s Emergency Rental Assistance Program funds administered by King County, the PPP, the EIDL program, and CARES Act unemployment benefits. She enlisted over 50 associates, including her 5 co-defendants, to obtain more than \$3.3 million by posing as fake tenants, landlords, and small business owners in need of assistance. In submitting these applications, she created falsified bank statements, tenant ledgers, and landlord attestations.



## **Tax Preparation Business Owner Sentenced for Defrauding Pandemic Relief Programs**

A Georgia woman was sentenced to 5 years in prison and ordered to repay more than \$500,000 she fraudulently obtained from COVID-19 small business relief programs. She was a franchisee of a tax preparation service with multiple locations in Georgia. She admitted to lying to investigators from SBA OIG about applications she filed for herself and on behalf of others, including her customers, to obtain more than \$550,000 from a California lender through the PPP and EIDL programs.

## Contracting and Counseling Programs

The U.S. government is the largest single purchaser of goods and services in the world, recently awarding over \$760 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 is intended to help 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 socially and economically disadvantaged entrepreneurs who own small businesses gain business skills and access to federal contracting opportunities so they can better compete in the open marketplace. The program offers free business development education, training workshops, and matchmaking opportunities with federal buyers.

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 designed the Boots to Business program to provide transitioning military service members with entrepreneurial skills and technical assistance to start their own businesses. SBA is wrapping up the Community Navigator Pilot Program, an American Rescue Plan initiative, that provided funding to organizations working with local community groups to improve access to government resources. These programs all require effective and efficient management, outreach, and service delivery.

During this semiannual period, our audit work in this program area was focused on the pandemic response programs.

## Notable Investigation



### **Former Navy Civilian Employee and Executive Indicted in \$100 Million Contracting Bribery Scheme**

A Las Vegas, Nevada man who was a former civilian employee of the San Diego-based Naval Information Warfare Center and a former executive with a South Carolina defense contractor were charged with participating in a bribery scheme to trade expensive meals, jobs, and a ticket to a premiere sporting event for help obtaining more than \$100 million in government contracts.

From 2006 to 2019, the civilian defendant was an engineer, project leader, and certified contracting officer representative helping to manage Department of Defense contracts. He was supposed to act as liaison between the government and the contractor, including keeping contractor bid, proposal, and selection information confidential and protecting the integrity of the acquisition process by maintaining fairness in the government's treatment of all bidders.

According to the indictment, he instead used his considerable influence to steer lucrative contracts to the South Carolina man who was an executive vice president of a company vying for defense contracts.

## Agency Management

OIG is responsible for ensuring that agency management appropriately safeguards SBA from fraud, waste, and abuse, and that SBA activities 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 and Evaluations



### **Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements (Report 24-03)**

We contracted with the independent certified public accounting firm KPMG LLP to conduct an audit of SBA's consolidated balance sheets as of September 30, 2023 and 2022 and the notes related to these statements. KPMG reported significant matters for which it was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on SBA's balance sheet as of September 30, 2023. KPMG issued a disclaimer of opinion on the consolidated balance sheets as of September 30, 2023 and 2022.

SBA was unable to provide adequate evidential matter supporting a significant number of transactions and account balances related to the PPP, EIDL program, the RRF, and the SVOG program. As a result, KPMG was unable to determine whether any adjustments to the following might have been necessary: Credit Program Receivables and Related Foreclosed Property, Net; Other than Intragovernmental Accounts Receivable, Net; Downward Reestimate Payable to Treasury; and Loan Guarantee Liabilities. KPMG identified six material weaknesses and three significant deficiencies in internal control over financial reporting. SBA's Chief Financial Officer generally concurred with its findings and recommendations and agreed to implement the recommendations.

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



## **SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2023 (Report 24-05)**

We found SBA complied with the Consolidated Appropriations Act and SBA regulations and policies regarding soliciting and accepting cash contributions from six new entities that cosponsored National Small Business Week 2023. However, we noted SBA did not ensure the timely and accurate closeout of the 2023 event in accordance with standard operating procedures.

We made one recommendation for SBA to fully implement a 90-day closeout process for the event mall as outlined in a Standard Operating Procedure. SBA management agreed with the recommendation.

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



## **Fiscal Year 2023 Federal Information Security Modernization Act (Report 24-07)**

We found SBA responded to previously identified vulnerabilities in its information security systems policies, procedures, and practices. It also made progress in three of the nine Federal Information Security Modernization Act (FISMA) required review areas; however, we rated SBA's overall information security program as "not effective" because controls were found to be ineffective in eight of the nine areas. In this report, we made 11 recommendations for improvements in the following 6 domains: risk management, supply chain risk management, identity and access management, data protection and privacy, security training, and contingency planning. We did not repeat recommendations from previous years in the areas of risk management, supply chain risk management, and contingency planning. SBA management agreed with our recommendations and is implementing corrective measures, including inventory software, personal identity verification card compliance, and updating applicable policies and procedures.

SBA OIG contracted with the independent certified public accounting firm KPMG LLP for this [evaluation report](#), which you can find on the SBA OIG audit reports site.



## **Fiscal Year 2022 Risk Assessment over SBA's Charge Card Programs (Report 24-08)**

We assessed SBA's internal controls over purchase and travel card expenditures for FY 2022 and found the agency is at low risk of illegal, improper, or erroneous purchases and payments. We found SBA implemented effective internal controls to limit risk. SBA established the use of bank

card management analytical and audit tools to manage card program expenses, review cardholders spending patterns, and analyze transaction detail reports to monitor delinquency, potential fraud and misuse, performance metrics, and other noncompliance issues. SBA's internal controls helped safeguard taxpayer funds against fraud, waste, or abuse. We made no recommendations, and the agency did not provide any comments on the advisory.

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



## **SBA's IT Investment Governance Framework (Report 24-10)**

OIG has reported on significant Information Technology (IT) investment internal control issues over the last 6 years, which the agency has also identified without taking meaningful action to resolve. These issues include:

- The governance board did not meet as required to oversee IT investments.
- Performance against established baselines was not reported.
- Critical system capabilities were missing.
- Corrective actions were not taken for underperforming investments.

These issues require immediate attention as a strong IT governance framework enables the agency to achieve mission goals and objectives while safeguarding taxpayer funds. An efficient IT framework will help the agency better deliver SBA programs and services, particularly in times of crisis. Our evaluation determined that SBA hasn't had an effective governance framework for several years, and the new IT investment governance framework isn't scheduled to be implemented until the second quarter of 2024. We made six recommendations and SBA management agreed with five and partially agreed with one. To address these recommendations, the agency is planning to implement corrective measures, including updating applicable policies, procedures, and evidentiary documentation.

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

## Investigation



### **Former IT Contractor Sentenced to Trafficking Stolen Property from SBA**

A Maryland woman pled guilty and was sentenced in U.S. Superior Court for the District of Columbia to 12 months of incarceration, 36 months of supervised release, 60 months probation, and ordered to serve 40 hours of community service. She was also ordered to pay \$50,000 in restitution to SBA.

She was employed as a contractor working at SBA's IT service desk at the agency's headquarters in Washington, D.C. According to the government's evidence, between November 20, 2017 and August 22, 2018, she stole and resold at least 57 laptops paid for with taxpayer money in an online customer-to-customer marketplace used to buy and sell products and services.

## Other Significant OIG Activities

### Background Investigations Ensure Integrity

During this reporting period, OIG initiated 69 background investigations, issued 4 security clearances for OIG employees and contractors, and adjudicated 24 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 prepared 11 present responsibility referrals.

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 99 presentations for internal and external stakeholders to raise awareness of fraud, waste, and abuse related to SBA programs. More than 2,476 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 136 proposed revisions of these program directives and submitted comments designed to improve 15 of these initiatives.

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

According to 15 USC 648(a)(7) of the Small Business Act, 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, and include this approval in the semiannual report. SBA issued final regulations on November 7, 2023. There were no surveys submitted for review prior to November 7, 2023.

## OIG Hotline

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



## 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 online submissions to the SBA OIG website, telephone, e-mail, and posted mail, as well as referrals from banks and other agencies.

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 18,000 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 286,000 complaints. By contrast, the OIG Hotline received 742 complaints in calendar year 2019.

## Organizational Overview

### U.S. Small Business Administration

SBA's mission under the Small Business Act, as amended, is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and assisting in the economic recovery of communities after disasters. The agency's strategic plan for FYs 2022–2026 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 2 disaster field operation centers. SBA also has 6 government contracting area offices and maintains a network of resource partners in all 50 states, the District of Columbia, Puerto Rico, American Samoa, the U.S. Virgin Islands, and Guam.

## Office of Inspector General

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

Our strategic plan for FYs 2022–2027 has four goals. In addition to the Office of Counsel to the Inspector General, four divisions assist in carrying out the statutory responsibilities of OIG: the

Audits Division, Investigations Division, Technology Solutions Division, and the Management and Operations Division.

Our vision is to be valued and engaged change agents who set the standard for oversight excellence in support of America’s small businesses. We seek to demonstrate our values of integrity, commitment, and excellence as we deliver products and services of the highest quality defined by accuracy, timeliness, fairness, and usefulness.

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

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 **Investigations Division** manages programs to detect and deter illegal and improper activities involving SBA’s programs, operations, and personnel. The criminal investigations staff carries out a



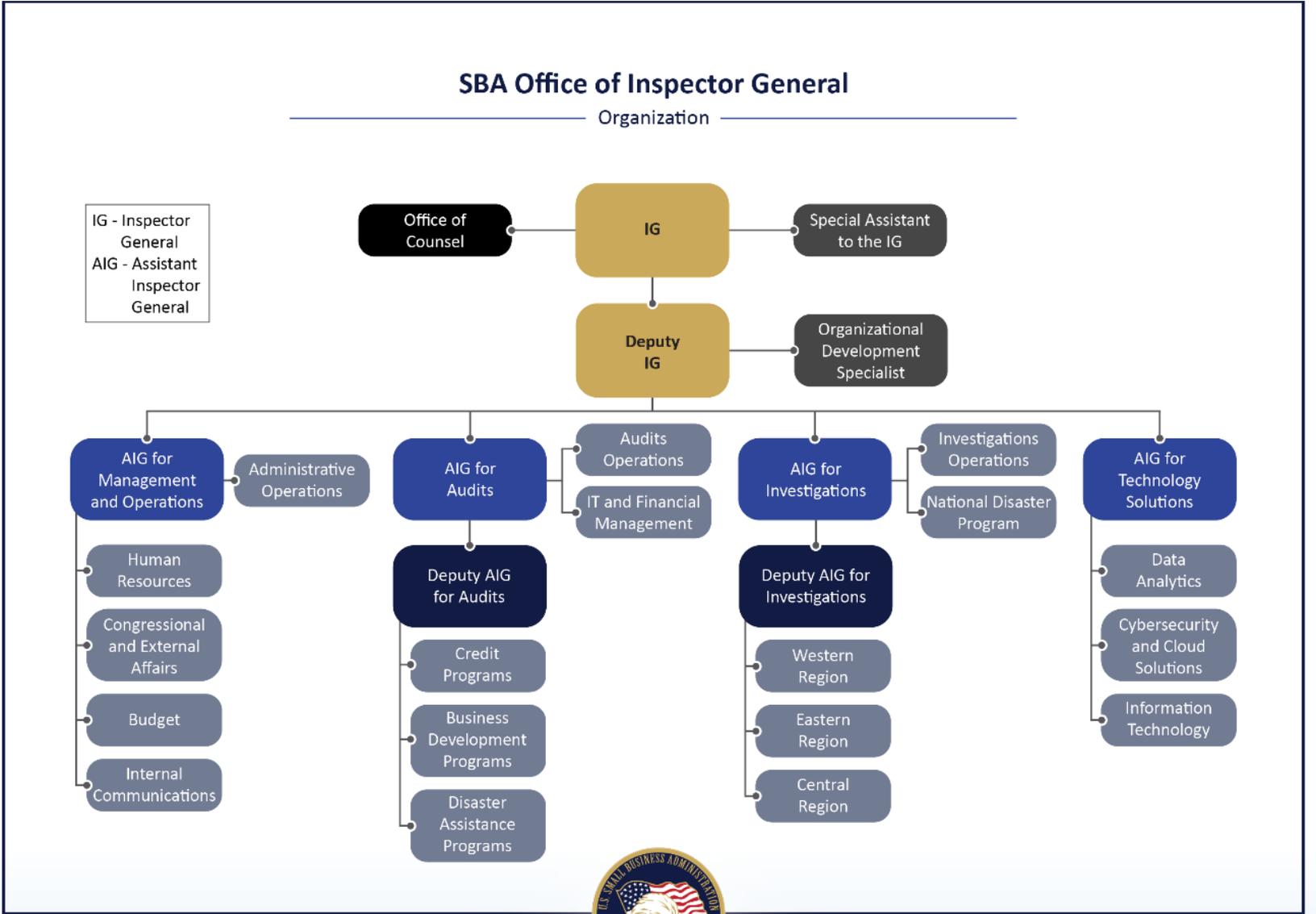
full range of traditional law enforcement functions. Within the division, Hotline staff reviews allegations of waste, fraud, abuse, and severe mismanagement within SBA or its programs made by employees, contractors, and the public.

A preliminary review of all complaints is conducted to determine the appropriate course of action. As part of the review process, Hotline staff may coordinate reviews of allegations within OIG, SBA program offices, or other government agencies.

The **Technology Solutions Division** provides data analytics and IT support across OIG, such as artificial intelligence and machine learning solutions, and expands the impact of OIG's oversight activities.

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

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



## Appendices

### Appendix A: Reporting Period Statistical Highlights

#### Summary of OIG Dollar Accomplishments

<b>Dollar Accomplishments as a Result of Investigations and Related Activities</b>	
Potential Investigative Recoveries and Fines	\$154,293,127
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies)	\$8,097,632
Asset Forfeitures Attributed to OIG Investigations	\$6,589,755
Loans/Contracts Not Approved or Canceled as a Result of Investigations	\$128,970
Investigations Subtotal	\$169,109,484
<b>Dollar Accomplishments as a Result of Audit Activities</b>	
Disallowed Costs Agreed to by Management	\$55,067,326
Recommendations that Funds Be Put to Better Use Agreed to by Management	—
Audit Subtotal	\$55,067,326
Total OIG Dollar Accomplishments	\$224,176,810

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

Reports Issued	10
Recommendations Issued	88
Dollar Value of Costs Questioned	\$7,917,110,270
Dollar Value of Recommendations that Funds Be Put to Better Use	—
Recommendations with Management Decisions	87
Recommendations without a Management Decision	0
Collections as a Result of Questioned Costs	—

#### Indictments, Convictions, and Case Actions

Indictments from OIG Cases	130
Convictions from OIG Cases	124
Cases Opened	131
Cases Closed	122

## 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	23
Pending at the Agency as of March 31, 2024	22
Suspensions Issued by the Agency	12
Proposed Debarments Issued by the Agency	12
Final Debarments Issued by the Agency	7
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	71
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	4

## Appendix B: Reports Issued

### Agency Management

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
Independent Auditors' Report on SBA's FY 2023 Financial Statements	24-03	11/15/2023	—	—	—
SBA's Controls Over Cash Contributions and Gifts, FY 2023	24-05	2/20/2024	—	—	—
FY 2023 FISMA	24-07	3/7/2024	—	—	—
FY 2022 Risk Assessment over SBA's Charge Card Programs	24-08	3/13/2024	—	—	—
SBA's IT Investment Governance Framework	24-10	3/29/2024	—	—	—
Program Subtotal	—	—	—	—	—

### Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	24-06	2/22/2024	\$1,428,399,071	\$1,428,399,071	—
Program Subtotal	—	—	\$1,428,399,071	\$1,428,399,071	—

## Top Management Challenges

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
Top Management and Performance Challenges Facing the SBA in FY 2024	24-01	10/16/2023	—	—	—
Program Subtotal	—	—	—	—	—

## Disaster Assistance

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
SBA's Internal Controls to Prevent Shuttered Venue Operators Grants to Ineligible Applicants	24-02	10/25/2023	\$22,878,968	\$22,878,968	—
SBA's Handling of Identity Theft in the COVID-19 EIDL Program	24-04	12/19/2023	—	—	—
Program Subtotal	—	—	\$22,878,968	\$22,878,968	—

## Contracting and Counseling Programs

Title	Report Number	Issue Date	Questioned Costs	Unsupported Costs	Funds for Better Use
SBA's Restaurant Revitalization Fund Program Award Practices	24-09	3/26/2024	\$6,465,832,231	\$6,410,764,905	—
Program Subtotal	—	—	\$6,465,832,231	\$6,410,764,905	—

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

### Reports with Questioned Costs

IG Act Reporting Requirement	Reports	Recommendations*	Questioned Costs**	Unsupported Costs***
No management decision made by September 30	—	—	—	—
Issued during this reporting period	3	5	\$7,917,110,270	\$7,862,042,944
Management decisions made during this reporting period	3	5	\$7,917,110,270	\$7,862,042,944
(i) Disallowed costs	1	1	\$55,067,326	—
(ii) Costs not disallowed	3	4	\$7,806,975,618	\$7,862,042,944
No management decision made by March 31	—	—	—	—

\* 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
No management decision made by September 30	—	—	—
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	—	—	—

### Reports from Prior Periods with Overdue Management Decisions

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

## Reports from Prior Periods with Open Recommendations as of March 31, 2024

Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
20-03	Audit of SBA's Oversight of High-Risk Lenders	11/12/2019	3	—
20-20	Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended	9/30/2020	9	—
21-02	Inspection of SBA's Initial Disaster Assistance Response to the Coronavirus Pandemic	10/28/2020	1	—
21-07	Inspection of SBA's Implementation of the Paycheck Protection Program	1/14/2021	1*	—
21-08	SBA's Use of Vendors Without a Contract	2/3/2021	2	\$10,800,476
21-09	Duplicate Loans Made Under the Paycheck Protection Program	3/15/2021	1	—
21-14	Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements	5/4/2021	8	\$785,961
22-01	SBA's Emergency EIDL Grants to Sole Proprietors and Independent Contractors	10/7/2021	1	\$4,500,000,000
22-04	Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	11/8/2021	1	—
22-06	COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List	11/30/2021	2	—
22-07	SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	1/18/2022	3*	—
22-08	SBA's Business Development Assistance to 8(a) Program Participants	2/14/2022	5*	\$24,317,629
22-11	FY 2021 FISMA Review	4/28/2022	1	—
22-13	SBA's Handling of Potentially Fraudulent PPP Loans	5/26/2022	2*	—
22-15	Inspection of SBA's Award and Payment Practices in the Shuttered Venue Operators Grant Program	7/5/2022	1*	—
22-17	Evaluation of COVID-19 EIDL Applications Submitted from Foreign IP Addresses	9/12/2022	2	—
22-19	COVID-19 and Disaster Assistance Information Systems Security Controls	9/27/2022	8	—
22-21	Paycheck Protection Program Eligibility for Nonprofit Organizations	9/26/2022	1	—

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Report Number	Title	Date Issued	Number of Open Recommendations	Aggregate Potential Cost Savings
22-22	Follow-up Inspection of SBA's Internal Controls to Prevent COVID-19 EIDLs to Ineligible Applicants	9/29/2022	2	\$1,969,200
22-23	SBA's Corrective Actions to Improve Monitoring District Offices' Customer Service Activities	9/30/2022	1	—
22-25	SBA's Guaranty Purchases for PPP Loans	9/30/2022	2	—
23-03	FY 2022 FISMA Review	12/13/2022	3	—
23-07	Independent Auditors' Report on SBA's FY 2022 Compliance with the PII Act of 2019	5/15/2023	4	—
23-10	SBA's Administrative Process To Address Potentially Fraudulent RRF Awards	7/5/2023	1	\$278,570,834
23-11	SBA's Awards for Staffing Support for COVID-19 Economic Relief Loan Programs	7/26/2023	3	\$5,010,382
23-12	SBA's Corrective Actions to Improve Oversight of the SCORE Association	9/21/2023	1	—
23-15	SBA's Oversight of Restaurant Revitalization Fund (RRF) Recipients	9/29/2023	6	\$3,528,709,751
23-16	Ending Active Collections on Delinquent COVID-19 Economic Injury Disaster Loans	9/29/2023	2*	—
—	Total	—	77	\$8,350,164,233

\*Recommendations submitted for closure by agency and undergoing OIG review.

## Significant Recommendations from Prior Reporting Periods Without Final Action as of March 31, 2024

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
20-03	11/12/2019	1	Develop and implement policies and procedures to document OCRM's justification for not conducting planned reviews and identifying and prioritizing additional lenders for review.	11/15/2019	06/28/2024
20-03	11/12/2019	2	Develop and implement a comprehensive database to manage its oversight of high-risk lenders to ensure performance of all planned reviews, implementation of risk mitigation actions, and identification of noncompliant lender and systemic material loan deficiencies.	11/15/2019	08/30/2024
20-03	11/12/2019	5	Develop and implement policies and procedures that require OCRM to communicate systemic lender issues and material loan deficiencies to the appropriate SBA loan approval and purchase centers to facilitate proactive portfolio management and to mitigate the risk of improper guaranty purchases in the event of default.	11/15/2019	06/28/2024
20-20	09/30/2020	1	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.	04/29/2022	09/6/2024
20-20	09/30/2020	2	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.	04/29/2022	09/06/2024
20-20	09/30/2020	3	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.	04/29/2022	09/06/2024
20-20	09/30/2020	5	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.	09/16/2020	09/06/2024

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
20-20	09/30/2020	6	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.	04/29/2022	09/06/2024
20-20	09/30/2020	7	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.	04/29/2022	09/06/2024
20-20	09/30/2020	8	Establish policies and procedures to require routine follow-up on delinquent loans to ensure full compliance with the Debt Collection Improvement Act.	09/16/2020	09/06/2024
20-20	09/30/2020	9	Reiterate the requirements for workout agreements to responsible personnel to ensure compliance with the Debt Collection Improvement Act.	04/29/2022	09/06/2024
20-20	09/30/2020	10	Perform a cost benefit analysis to determine if SBA should begin assessing fees to offset the cost of processing and handling delinquent disaster loans.	04/29/2022	09/06/2024
21-02	10/28/2020	6	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.	09/30/2021	05/31/2024
21-07	01/14/2021	1	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.	01/14/2021	10/31/2023*
21-08	02/03/2021	1	Require responsible personnel to execute a contract for foreclosure and real estate services to ensure the procurement of services are obtained and authorized in accordance with the Federal Acquisition Regulation requirements.	02/01/2021	04/16/2024
21-08	02/03/2021	3	Ratify the over \$10.8 million in payments in accordance with the FAR and 48C.F.R. § 1.602-3.	02/02/2023	08/01/2024
21-09	03/15/2021	1	Review the OIG identified potential duplicate disbursements for eligibility and take action to recover any improper payments as applicable.	03/31/2021	11/29/2024

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
21-14	05/04/2021	1	Implement financial oversight procedures for the Women’s Business Center (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.	05/04/2021	06/03/2024
21-14	05/04/2021	2	Remedy \$523,790 in unsupported matching funds, unsupported program income, and the resulting portion of the federal funds reimbursed for the unmet match, and \$186,537 in unsupported expenses.	05/04/2021	09/29/2024
21-14	05/04/2021	3	Recover \$31,215 for improperly awarded contracts and \$31,424 in unallowable or unallocable expenses.	05/04/2021	09/29/2024
21-14	05/04/2021	4	Implement policies and procedures for conducting thorough financial compliance reviews and coordinate with the Office of Field Operations to train field office personnel responsible for semiannual site visits	05/04/2021	06/03/2024
21-14	05/04/2021	5	Establish policies holding program officials accountable for promptly following up on financial examination results and enforcing cooperative agreement requirements.	05/04/2021	06/03/2024
21-14	05/04/2021	6	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.	05/04/2021	06/03/2024
21-14	05/04/2021	7	Review expenses for the \$28,089 reallocation of budget expenses we detailed in this report to ensure these costs are allowable and document the rationale for the reallocation or recover costs that are unallowable.	05/04/2021	09/29/2024
21-14	05/04/2021	8	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.	05/04/2021	06/03/2024
22-01	10/07/2021	1	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.	08/22/2022	04/30/2024

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
22-04	11/8/2021	2	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.	09/01/2022	04/30/2024
22-06	11/30/2021	2	Use Treasury's 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.	01/18/2023	04/30/2024
22-06	11/30/2021	3	For all COVID-19 EIDLs and Emergency EIDL grants identified and flagged as potentially ineligible above, include those transactions in SBA's 2021 improper payments estimation process.	02/02/2023	04/30/2024
22-08	02/14/2022	1	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.	11/10/2022	08/01/2024
22-08	02/14/2022	3	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.	2/14/2022	12/29/2023*
22-08	02/14/2022	5	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.	11/10/2022	08/01/2024
22-08	02/14/2022	6	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.	11/10/2022	08/01/2024

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
22-11	04/28/2022	2	Ensure the continuity of operations plan is tested annually, as required by Federal Continuity Directive 1.	04/29/2022	08/30/2024
22-13	05/26/2022	1	Establish clearly defined and detailed roles, responsibilities, and processes for all SBA offices and officials responsible for managing and handling potentially fraudulent PPP loans to reduce the risk of ineligible applicants receiving PPP forgiveness and the risk of fraud and financial loss in the PPP and when implementing similar future programs.	06/03/2022	12/29/2023*
22-13	05/26/2022	2	Provide lenders formal guidance to effectively and consistently handle potentially fraudulent PPP loans and ensure lenders have sufficient guidance when implementing similar future programs.	06/03/2022	12/29/2023*
22-17	09/12/2022	1	Thoroughly review each COVID-19 EIDL, grant, and advance application submitted from foreign IP addresses that were approved and funded and verify eligibility. If ineligibility or evidence of potential fraud is found, SBA should stop any further or future disbursements, recover any disbursed funds, and refer fraudulent loans to OIG for investigation.	10/06/2022	05/03/2024
22-17	09/12/2022	2	Examine controls related to foreign IP addresses and ensure these controls are more effective in future disaster processing systems.	10/06/2022	05/03/2024
22-19	09/27/2022	1	Ensure the existing SBA System Development Methodology is updated to include supply chain risk-management practices as required by OMB Circular A-130 and high-value asset system designation guidance. Also, ensure high-value asset system risks are incorporated into the enterprise risk management framework, as recommended by OMB M-19-03 and SBA SOP 90 47 6.	11/08/2022	06/03/2024
22-19	09/27/2022	2	Communicate and enforce the SBA System Development Methodology in which a traceability matrix is used to ensure that system requirements can be tested and demonstrated in the operational system. Ensure all requirements are aligned with the contractual acceptance criteria.	11/08/2022	08/29/2024

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

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
22-19	09/27/2022	3	Implement in updated agency guidance, the requirements of OMB Circular No. A-123 that stipulate a SOC 1 Type 2 report is needed for all new and existing financial systems. This guidance should also require confirmation at least annually that the controls are functioning as designed.	11/23/2022	06/03/2024
22-19	09/27/2022	5	In conjunction with the Enterprise Risk Management Board, implement enterprise-wide privacy risk mitigation practices that can be assimilated into new and existing system program designs.	11/08/2022	06/17/2024
22-19	09/27/2022	6	Complete an initial assessment and authorization for each information system and all agency-designated common controls before operation.	11/08/2022	07/31/2024
22-19	09/27/2022	7	Transition information systems and common controls to an ongoing authorization process (when eligible for such a process) with the formal approval of the respective authorizing officials or reauthorize information systems and common controls as needed, on a time or event-driven basis in accordance with agency risk tolerance, as required by OMB Circular No. A-130 and SOP 90 47 6.	11/10/2022	07/31/2024
22-19	09/27/2022	8	Review and update POA&Ms at least quarterly as required by SOP 90 47 6.	11/09/2022	07/31/2024
22-19	09/27/2022	10	Implement an automated process to document and monitor system changes as recommended by NIST SP 800-53 Rev. 5.	11/09/2022	07/31/2024
22-21	09/26/2022	1	Review the 179 PPP loans, totaling approximately \$684 million, for compliance with affiliation and size standards to ensure eligibility requirements were met and seek remedy or repayment for all loans deemed ineligible.	—	—
22-22	09/29/2022	1	Review the 20 loans identified in this report as ineligible for the COVID-19 EIDL that the applicants received and recover approximately \$2 million improperly disbursed to the applicants.	11/09/2022	04/30/2024
22-22	09/29/2022	2	Review the COVID-19 EIDL disbursements with suspect Taxpayer Identification Numbers made after December 27, 2020 to determine if the loan file contains conclusive evidence that the applicant business existed on January 31, 2020 and therefore, met the CARES Act eligibility requirements. If not, flag the borrower as ineligible and recover the funds.	11/09/2022	04/30/2024

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
22-25	09/30/2022	2	Explore alternative means of collections for PPP loans with an outstanding balance of \$100,000 or less.	—	—
22-25	09/30/2022	3	Conduct an initial and periodic cost benefit analysis on PPP purchase guarantees with comprehensive estimates to sufficiently assess whether the cost of collecting loans of \$100,000 or less is more than the recovery amount and pursue collections based on results of the analysis.	12/07/2022	05/31/2024
23-03	12/13/2022	2	Implement a process to ensure SBA reviews its external service providers for supply chain risks and ensure all assessments of supply chain risks are documented as outlined in NIST 800-53.	12/16/2022	04/01/2024
23-03	12/13/2022	3	Communicate and reinforce to program offices the requirement to review and remove system and user accounts in accordance with SOP 90 47 6.	12/16/2022	07/31/2024
23-03	12/13/2022	5	Develop, document, and implement a process that requires management review of information security data and report information security threats.	12/16/2022	07/31/2024
23-07	05/15/2023	5	Collaborate with the responsible staff involved in the payment integrity reporting process to ensure timely and complete reconciliations are performed on the populations subject to sampling for improper payment reviews.	06/15/2023	05/15/2024
23-07	05/15/2023	6	Formally document and implement appropriate preventative and monitoring controls prior to approval of 7(a) loan guaranty purchases.	06/15/2023	05/15/2024
23-07	05/15/2023	7	Exercise effective management review controls over the statistician's work by verifying that the documentation of the sampling and estimation methodology plans comprehensively outlines the details of the implemented sampling and extrapolation methodology, while maintaining statistical validity.	06/15/2023	05/15/2024
23-07	05/15/2023	8	Design and document adequate review procedures to ensure that the results of the sample meet the PIIA objectives.	06/15/2023	05/15/2024
23-10	07/05/2023	1	Prioritize and complete the review of the 2,172 awards that were flagged by the point-of-sale partner as having unsupported gross sales and take appropriate administrative actions to recover improper payments, which includes 110 awards that were suspected of fraud.	08/15/2023	07/12/2024

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Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
23-11	07/26/2023	1	Establish and implement policies and procedures on how to use appropriate analysis techniques when determining prices are fair and reasonable when GSA scheduled list prices and rates are adjusted, in accordance with FAR Part 8.	—	—
23-11	07/26/2023	3	Determine the total additional amount paid to Highlight Technologies, LLC due to using Washington, D.C. labor rates and pursue any applicable remedies to recover costs.	—	—
23-11	07/26/2023	4	Evaluate all call orders issued under the Highlight blanket purchase agreement for compliance with the Limitation on Subcontracting Rule per 13 CFR § 125.6 and pursue any applicable remedies.	—	—
23-15	09/29/2023	1	Follow-up with recipients who did not submit their final annual report as required by April 30, 2023, and take action to recover funds.	10/05/2023	08/30/2024
23-15	09/29/2023	2	Review the 210 RRF award recipients currently marked in the PPP loan data as potentially fraudulent or ineligible that were not selected for post award review.	10/05/2023	08/30/2024
23-15	09/29/2023	3	Extend the record retention period and notify all RRF award recipients in writing in accordance with 2 CFR 200.334.	—	—
23-15	09/29/2023	4	Assess the post-award review process and manpower requirements to ensure post award reviews are conducted in a prompt manner. Use the results of the assessment to improve processing times to ensure reviews are completed before the statute of limitations expire.	10/05/2023	08/30/2024
23-15	09/29/2023	5	Take immediate administrative actions to recover improper payments from the 5 hotels and 18 recipients found to be ineligible, for a total of 23 ineligible award recipients identified totaling \$39 million.	10/05/2023	08/30/2024
23-15	09/29/2023	6	Establish and implement procedures to recover unused funds or recover funds paid to ineligible recipients and prioritize this effort.	10/05/2023	08/30/2024
23-16	09/29/2023	3	Ensure SBA does not end active collections pursuant to the April 27, 2022 decision on any COVID-19 EIDL of \$100,000 or less made to borrowers who received multiple COVID-19 EIDLs that, when combined, exceed \$100,000.	02/20/2024	12/31/2024

Report Number	Date Issued	Number	Recommendation	Date of Management Decision	Final Action Target Date
23-16	09/29/2023	5	Evaluate the COVID-19 EIDL portfolio, in collaboration with Treasury, to determine if selling the portfolio, including delinquent loans of \$100,000 or less, is in the best interest of the government.	—	—

\*Recommendations submitted for closure by agency and undergoing OIG review.

## Significant Recommendations from this Reporting Period

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-02	10/25/2023	SBA's Internal Controls to Prevent Shuttered Venue Operators Grants to Ineligible Applicants	1	Reevaluate eligibility for the 47 applicants we questioned and recover grant funds from the ineligible applicants.
24-02	10/25/2023	SBA's Internal Controls to Prevent Shuttered Venue Operators Grants to Ineligible Applicants	2	Implement additional controls to ensure that during the monitoring, auditing, and compliance phases, awards are carefully screened to verify eligibility and to recover grant funds from ineligible entities.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	1	Design and implement controls to ensure the population used in the review and follow-up of nonreporting loan status reports or loan status reports with errors is complete and accurate.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	2	Determine enforceable actions and controls to hold lenders accountable for submitting loan status reports timely and correctly.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	3	Assess the sufficiency of implemented controls to monitor incomplete or inaccurate PPP lender loan status reports on an ongoing basis, including the identification and resolution of the root causes of reporting noncompliance.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	4	Design and implement an automated system control to accurately reduce the outstanding principal balance after the processing of all forgiveness payments.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	5	Perform a thorough review of the outstanding PPP loan guarantees and determine the impact on the outstanding guarantee and eligibility for forgiveness of loans determined to not be in conformance with the related legislation and program's terms.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	6	Design, implement, and document an effective PPP forgiveness review process for loan guarantees that were forgiven that addresses both the eligibility and the accuracy of the loan approval and forgiveness amounts.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	7	Design and implement an effective funds recovery plan to ensure PPP funds disbursed on behalf of ineligible recipients are recovered and reported accurately in a timely manner. The plan should include an effective process to provide the information necessary to the Office of Performance, Planning, and the Chief Financial Officer to record any required accounting adjustments.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	8	Perform a thorough and complete analysis of all requirements communicated to lenders for the PPP program and determine how to evaluate whether lenders met the requirements prior to disbursing a PPP loan. The analysis should include evidence to support the adequacy of SBA's review process when determining which purchase requests will require additional review.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	9	Develop and implement an effective process to review purchase requests for outstanding PPP loan guarantees and for loans that have already been purchased that addresses whether the lender met their requirements in accordance with the program requirements.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	10	Develop and implement an effective funds recovery plan to ensure funds related to PPP purchases disbursed to ineligible recipients are recovered and reported accurately in a timely manner. The plan should include an effective process to provide the information necessary to the Office of Performance, Planning, and the Chief Financial Officer to record any required accounting adjustments.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	11	Perform and update the program's internal control risk assessment to identify changes to risks that may require the design and implementation of effective monitoring controls over the review of the COVID-19 EIDLs portfolio.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	12	Design and implement an effective funds recovery plan to ensure COVID-19 EIDLs funds disbursed to ineligible recipients are recovered and reported accurately and in a timely manner. The plan should include an effective process to provide the information necessary to the Office of Planning, Performance, and the Chief Financial Officer to record any required accounting adjustments.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	13	Reevaluate the appropriateness and update SBA's existing policies and procedures to ensure they are supported by quality information stemming from effective control activities. This includes assessing the recoverability of COVID-19 EIDLs prior to charge-off. Perform a regular review of implemented policies to ensure they are responding to relevant risks.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	14	Perform and update the program's internal control assessment to identify changes to risks that may require the design and implementation of effective monitoring controls and review processes of RRF awards to identify recipients that may not have been eligible to receive awards or that may have spent awards on ineligible expenses in accordance with the program's terms.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	15	Design and implement effective follow-up procedures for RRF award recipients that are not complying with the program's terms and to ensure complete, accurate, and timely reporting for the use of the award.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	16	Design and implement an effective funds recovery plan and controls to ensure RRF awards disbursed to ineligible recipients or spent on ineligible expenses are recovered and reported accurately and in a timely manner. In conjunction with the Office of Planning, Performance, and the Chief Financial Officer, design and implement an effective process to provide the information necessary to record any required accounting adjustments.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	17	Perform and update the program's internal control assessment to identify changes to risks that may require the design and implementation of effective monitoring controls and review processes of SVOG awards to identify recipients that may not have been eligible to receive awards or that may have spent awards on ineligible expenses in accordance with the program's terms.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	18	Design and implement effective follow-up procedures for SVOG award recipients that are not complying with the program's terms and to ensure complete, accurate, and timely reporting for the use of the award.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	19	Design and implement an effective funds recovery plan and controls to ensure SVOG awards disbursed to ineligible recipients or spent on ineligible expenses are recovered and reported accurately and in a timely manner. In conjunction with the Office of Planning, Performance, and the Chief Financial Officer, design and implement an effective process to provide the information necessary to record any required accounting adjustments.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	20	Develop and document the policies and procedures for the recovery of funds, the accounts receivable, and the allowance for estimated uncollectible amounts related to the programs created or expanded by the CARES Act and related legislation.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	21	Document the current state of accounting policies and procedures for the recovery of funds, including the respective accounting entries for all applicable scenarios (e.g., fraud related, ineligibility) for COVID-19 EIDLs and PPP loans that have been charged-off or forgiven.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	22	Inquire with standard setting bodies to confirm the appropriate accounting treatment throughout each step of the recovery lifecycle for COVID-19 EIDLs and the PPP loans that have been charged-off or forgiven. Memorialize the response by updating management's documented policies and procedures including the respective accounting entries under generally accepted accounting principles for all applicable scenarios.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	23	Design and implement effective controls and communication processes to timely obtain the information necessary from program offices to record any required accounting adjustments for programs created or expanded by the CARES Act and related legislation.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	24	Continue implementing controls in collaboration with relevant program offices for the PPP and COVID-19 EIDLs portfolios to accumulate relevant, complete, and accurate data on which to base the subsidy reestimate.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	25	Design and implement adequate review and approval controls over the reestimate for the PPP and COVID-19 EIDLs portfolios by appropriate levels of management, and to coordinate with relevant program offices to assess the integrity of relevant data inputs used in the development of assumptions, and reasonableness for the selected assumptions used and the resulting estimates.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	26	Refine existing review and approval controls to ensure the reestimate output is in accordance with accounting standards for charged-off loans.

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Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	27	Continually evaluate the established policy for SOC 1 reports that requires 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 as it relates to loan guarantee programs. If a SOC 1 report cannot be obtained, management should design, implement, and operate controls within SBA's control environment.

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24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	28	<p>Assess the risk posed by the service organizations' control environments and obtain sufficient assurance over the operating effectiveness of relevant and significant controls to determine the integrity of loan guarantee programs transactions processed on behalf of and recorded by SBA. To achieve this, consider obtaining a SOC 1 report for the relevant control environments at the service organizations, and perform and document the following:</p> <ul style="list-style-type: none"> <li>• SOC 1 report is sufficiently scoped to cover transaction processing and related control activities performed by the service organizations on behalf of SBA.</li> <li>• All exceptions noted in the SOC 1 report – not just those described in the independent service auditor's report – are evaluated to determine applicability to SBA's internal controls over financial reporting, the potential impact to SBA's financial statements, and mitigating controls considerations made during their risk assessment.</li> <li>• All complementary user entity controls described in the SOC 1 reports are evaluated using current information and with consideration to their applicability to SBA's internal controls over financial reporting.</li> <li>• Evaluation procedures performed to assess whether complementary user entity controls and other SBA-performed controls were tested on a frequency determined by SBA and found operating effectively and, if they are not, assess the impact of such deficiencies on SBA's internal controls over financial reporting.</li> <li>• All complementary subservice organization controls described in SOC 1 reports are evaluated to determine whether they provided services and performed controls considered relevant to SBA's internal controls over financial reporting and, if relevant subservice organizations were identified, an evaluation is performed to obtain an</li> </ul>
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Report Number	Date Issued	Title	Recommendation Number	Recommendation
				<p>understanding of the subservice organization(s) and their controls.</p> <ul style="list-style-type: none"> <li>• SOC 1 reports cover the appropriate period or corresponding gap letters provide sufficient coverage to assess impacts on SBA’s internal controls over financial reporting.</li> </ul>
24-03	11/15/2023	Independent Auditors’ Report on SBA’s Fiscal Year 2023 Financial Statements	29	Continually evaluate the established policy for SOC 1 reports that requires 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 as it relates to the SVOG program. If a SOC 1 report cannot be obtained, management should design, implement, and operate controls within SBA’s control environment.

24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	30	<p>Assess the risk posed by the service organizations' control environments and obtain sufficient assurance over the operating effectiveness of relevant and significant controls to determine the integrity of SVOG program transactions processed on behalf of and recorded by SBA. To achieve this, consider obtaining a SOC 1 report for the relevant control environments at the service organizations, and perform and document the following:</p> <ul style="list-style-type: none"> <li>• SOC 1 report is sufficiently scoped to cover transaction processing and related control activities performed by the service organizations on behalf of SBA.</li> <li>• All exceptions noted in the SOC 1 report – not just those described in the independent service auditor's report – are evaluated to determine applicability to SBA's internal controls over financial reporting, the potential impact to SBA's financial statements, and mitigating controls considerations made during their risk assessment.</li> <li>• All complementary user entity controls described in the SOC 1 reports are evaluated using current information and with consideration to their applicability to SBA's internal controls over financial reporting.</li> <li>• Evaluation procedures performed to assess whether complementary user entity controls and other SBA-performed controls were tested on a frequency determined by SBA and found operating effectively and, if they are not, assess the impact of such deficiencies on SBA's internal controls over financial reporting.</li> <li>• All complementary subservice organization controls described in SOC 1 reports are evaluated to determine whether they provided services and performed controls considered relevant to SBA's internal controls over financial reporting and, if relevant subservice organizations were identified, an evaluation is performed to obtain an understanding of the subservice</li> </ul>
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Report Number	Date Issued	Title	Recommendation Number	Recommendation
				organization(s) and their controls. <ul style="list-style-type: none"> <li>• SOC 1 reports cover the appropriate period or corresponding gap letters provide sufficient coverage to assess impacts on SBA’s internal controls over financial reporting.</li> </ul>
24-03	11/15/2023	Independent Auditors’ Report on SBA’s Fiscal Year 2023 Financial Statements	31	In conjunction with the Office of the Chief Financial Officer, complete the internal control risk assessments for programs that have a material impact on the financial statements at a process level in a timely manner including the consideration of whether controls are designed, implemented, and are operating at a sufficient precision level in accordance with management’s materiality threshold and will be sufficient for financial reporting purposes.
24-03	11/15/2023	Independent Auditors’ Report on SBA’s Fiscal Year 2023 Financial Statements	32	Design, implement, and monitor the operating effectiveness of key controls that respond to significant risks of material misstatements and compliance with relevant laws and regulations.
24-03	11/15/2023	Independent Auditors’ Report on SBA’s Fiscal Year 2023 Financial Statements	33	Perform and document a thorough risk assessment at the financial statement assertion level to identify process level risks and communicate the results to relevant program offices. Also, assess the effectiveness of the key process level controls to respond to the identified risks in conjunction with relevant program offices.
24-03	11/15/2023	Independent Auditors’ Report on SBA’s Fiscal Year 2023 Financial Statements	34	Design and implement controls that demonstrate oversight over the contractor, including documentation that provides evidence over the adequate review and validation of the contractor’s work product.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	35	Perform and document a thorough risk assessment of the payments for covered loans under the Debt Relief Program, including the impact of payments not considered, determined to be of lower risk, for which a variance threshold was applied, and the appropriateness and sufficiency of the applied methodology given the results of the review.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	36	Based on the results of the risk assessment performed, design and implement appropriate controls to ensure an effective post payment review of payments for covered loans under the Debt Relief Program.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	37	Review and update current processes and procedures for defining a time period by which system access must be disabled or removed for separated individuals.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	38	Develop procedures to validate that access for separated employees is removed in accordance with required timeframes.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	39	Develop procedures to validate that access for separated contractors is removed in accordance with required timeframes.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	40	Design, implement, and document controls for monitoring job failures to ensure complete and accurate reports are generated.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	41	Design and implement multi-factor authentication controls for non-privileged users.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	42	Implement monitoring controls to track compliance with the multi-factor authentication controls.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	43	Design and implement controls to validate that access for separated employees is removed in accordance with required timeframes.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	44	Develop, design, and implement controls for access recertification for accounts with administrative or privileged roles annually.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	45	Perform a risk assessment and obtain an approved waiver in accordance with established policy of not updating authentication controls due to system limitations. Design and implement relevant compensatory controls if necessary.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	46	We recommend the Administrator coordinate with the Chief Financial Officer to make the necessary adjustments to system configurations to ensure a complete record of the journal entry process is maintained, including the actual user identification of the preparer, for all journal entry transactions.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	47	Design and implement effective communication processes with other relevant offices, including the Office of General Counsel, to ensure subsequent events are timely identified and reported completely and accurately.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	48	Improve training plans to ensure individuals responsible for financial reporting functions are adequately prepared to respond to the occurrence of events or transactions that may require financial reporting considerations, including subsequent events, under generally accepted accounting principles.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	49	Reassess existing policies to ensure they are supported by quality information stemming from an effective control environment that reviews the root causes of borrower delinquency prior to charge-off and referral to Treasury. Perform a regular review of the implemented policies to ensure they are responding to relevant risks of noncompliance for the current fiscal year.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	50	Design, implement, and document appropriate monitoring controls to address compliance with DCIA.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	51	Reevaluate the operational infrastructure to address relevant risks of noncompliance and ensure that borrowers are notified timely of delinquency, and if applicable, subsequently referred to Treasury timely.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	52	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.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	53	In conjunction with relevant program offices, perform and document the internal control evaluation for significant programs or processes affecting the financial statements. This should include entity level controls, manual controls, general information technology controls, and system application controls covering key financial statement line items and risks.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	54	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.
24-03	11/15/2023	Independent Auditors' Report on SBA's Fiscal Year 2023 Financial Statements	55	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 Recovery and Resilience to implement the recommendations in Appendix I – Material Weaknesses.
24-05	02/20/2024	SBA's Controls Over Cash Contributions and Gifts, Fiscal Year 2023	1	Fully implement the 90-day closeout process for National Small Business Week as outlined in SOP 90 75 5, as amended, and resolve the identified closeout discrepancy between the fiscal agent and the Office of Strategic Affairs for business week 2023.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-06	02/22/2024	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	1	Review the 1,799 PPP loans totaling over \$89 million, that matched a DNP data source, to ensure eligibility requirements were met and seek remedy or repayment of all loans deemed ineligible.
24-06	02/22/2024	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	2	Review the 49 PPP loans totaling approximately \$3.5 million and the 43 loans totaling approximately \$7.2 million to ensure borrowers met eligibility requirements and seek remedy or repayment of loans deemed ineligible.
24-06	02/22/2024	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	3	Conduct a review of PPP loans, in which the DNP hold codes were cleared to 1) identify those cleared using pre-decisional memos and 2) those cleared without sufficient evidence to support the reviewer's loan decision and seek remedy or repayment of loans deemed ineligible.
24-06	02/22/2024	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	4	Develop and implement controls, such as supervisory reviews, to ensure PPP loans and loans for future stimulus programs with DNP matches receive manual reviews, as required. The reviews should ensure that pre-decisional memos are not used to clear DNP hold codes and that the loan files contain relevant and appropriate documentary evidence to support the loan review decisions.
24-06	02/22/2024	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	5	Develop and implement clear guidance requiring responsible officials to maintain documentary evidence used to support loan decisions in the loan files.
24-06	02/22/2024	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	6	Review the 59,893 PPP applications that matched a DNP data source to ensure borrowers met eligibility requirements and seek remedy or repayment of loans deemed ineligible.
24-06	2/22/2024	SBA's Eligibility and Forgiveness Review of PPP Loans Made to Borrowers with Treasury's Do Not Pay Data Matches	7	Review the additional 47,940 PPP loans totaling over \$1.7 billion, identified through the DNP data match, to ensure borrowers met the eligibility requirements and seek remedy or repayment of loans deemed ineligible.

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Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	1	Complete the implementation of an automated solution to help ensure a complete and accurate inventory of software assets.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	2	Define a required frequency for updating the system inventory and implement a quality control process to validate that system inventories are updated in a timely manner.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	3	Update existing policy and procedures to ensure plans of action and milestones are closed only after the planned corrective actions and milestones have been implemented.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	4	Review the Enterprise Risk Management Framework Guide annually and update if needed.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	5	Develop a strategy to ensure that products, system components, systems, and services of external providers are consistent with the organization's cybersecurity and supply chain requirements.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	6	Define timeframe and remediation requirements for baseline and configuration weaknesses.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	7	Properly update and remediate vulnerabilities and configuration weaknesses throughout the SBA environment.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	8	Implement a process to track and enforce compliance with PIV implementation and multi-factor requirements.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	9	Ensure implementation procedures for data loss prevention are updated at least on a biannual basis to reflect new processes and new requirements.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	10	Update existing procedures that identify the roles of individuals with significant IT responsibilities who require role-based training and ensure such training is provided and tracked.
24-07	03/07/2024	Fiscal Year 2023 Federal Information Security Modernization Act	11	Provide training to individuals with contingency planning roles and responsibilities.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-09	03/26/2024	SBA’s Restaurant Revitalization Fund Program Award Practices	1	Develop a plan for future similar programs to leverage applicable existing SBA data sources when determining eligibility and monitoring awards. The plan should include requirements to evaluate effectiveness of the use of the data as controls to reduce risk of improper payments.
24-09	03/26/2024	SBA’s Restaurant Revitalization Fund Program Award Practices	2	Validate historical sales for 47,565 awards designated or treated as Tier 2 that failed or did not receive IRS validation. Recover any excess funds paid that are attributable to unverified historical sales data.
24-09	03/26/2024	SBA’s Restaurant Revitalization Fund Program Award Practices	3	Review the 3,443 applicants awarded funds totaling \$376,583,100 that self-certified as a brewery or inn, to determine if they met the 33 percent onsite sales eligibility requirement and recover any funds from applicants that did not meet the requirement.
24-09	03/26/2024	SBA’s Restaurant Revitalization Fund Program Award Practices	4	In accordance with Public Law 117-2, § 5003(a)(4)(A)(i) take immediate action to review and recover improper payments from the 14 affiliated business groups disclosed by RRF applicants for a total of \$55,067,326 in excess funds paid, beyond the \$10 million limit per affiliated group.
24-09	03/26/2024	SBA’s Restaurant Revitalization Fund Program Award Practices	5	Review the 16,345 applicants that disclosed having an affiliated business to determine if the amounts collectively awarded to the applicant and affiliates exceeded the \$10 million maximum and recover any excess awards.
24-10	03/29/2024	SBA’s IT Investment Governance Framework	1	Update its business case for the MySBA investment in accordance with SOP 90 44.
24-10	03/29/2024	SBA’s IT Investment Governance Framework	2	Ensure the architecture review board reviews new investments to confirm compatibility with agency systems and ensure the Business Technology Investment Council approves new investments prior to purchase, as required by SOPs 90 52 1 and 90 44.

Report Number	Date Issued	Title	Recommendation Number	Recommendation
24-10	03/29/2024	SBA's IT Investment Governance Framework	3	Ensure program offices create business cases prior to approval of the investment to ensure project scope, risks, and costs are fully vetted as required by SOP 90 44.
24-10	03/29/2024	SBA's IT Investment Governance Framework	4	Update procedures to provide specific guidance to agency investment managers on how to utilize earned value principles to measure investment progress against both the current approved baseline and the original baseline for all major investments as required by SOP 90 52 1 and OMB Circular A-130.
24-10	03/29/2024	SBA's IT Investment Governance Framework	5	Establish and implement controls to ensure all investments in the control phase are rated by the CIO monthly using baseline factors such as contractor cost oversight and schedule performance; and apply corrective measures as necessary as required by SOP 90 44.
24-10	03/29/2024	SBA's IT Investment Governance Framework	6	Perform oversight procedures as required in OMB Circular A-11 and SOP 90 44. Specifically, ensure that post-implementation reviews, business case closeouts, TechStat sessions, operational analyses, and lessons learned are completed.

## Significant Management Decisions with which OIG Disagrees

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

## Significant Revised Management Decisions

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

## Federal Financial Management Improvement Act

Our independent auditors, KPMG, reported in the 2023 financial statement audit that management did not establish and maintain financial management systems that substantially comply with FFMIA requirements. These areas related to control deficiencies over transactions arising from the implementation of the CARES Act and related legislation. They found financial

reporting controls do not ensure compliance objectives are met, and do not ensure budgetary resources are safeguarded against waste, loss, and misuse.

Specifically, management was unable to provide evidence that the accounting treatment and financial reporting of the recovery of funds related to the RRF, SVOG, COVID-19 EIDLs, and PPP programs were in accordance with U.S. generally accepted accounting principles.

## **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	120
Preliminary Case Closing Reports of Investigation	2
Total	122

### Persons Referred for Prosecution

Referred to	Number of Persons*
Department of Justice (or other)	80
State Attorney	—
Local Attorney	—
Total	80

\* Number includes persons and entities referred for prosecution.

### Pandemic-Related Investigative Statistics

SBA OIG	Investigations (opened)	Indictments/Complaints	Arrests	Convictions
PPP/EIDL/RFF/SV*	124	128	97	117
Investment Fraud	5	2	6	7
Total	129	130	103	124

\* PPP stands for Paycheck Protection Program; EIDL stands for Economic Injury Disaster Loan; RFF stands for Restaurant Revitalization Fund; SV stands for Shuttered Venue Operators Grant.

### Whistleblower Retaliation Cases

There were no OIG investigations involving whistleblower retaliation cases during this semiannual period.

### Executive Order 14074 Section 10(c) No-Knock Entries

There were no OIG investigations involving no-knock entries that occurred pursuant to judicial authorization during this semiannual period.

## **Investigations Involving a Senior Government Employee in which Misconduct was Substantiated**

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

## **Investigations Involving a Senior Government Employee that are Closed and Not Disclosed to the Public**

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

## Appendix E: Legal Actions Summary

### Legal Actions, October 1, 2023–March 31, 2024

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
AL	DL	DHS HSI, TIGTA	Individuals defrauded SBA and financial institutions for over \$37,000 in fraudulent funds through the EIDL program. Individuals utilized stolen identities to create false EIDL applications.	Individual 1 was sentenced to 60 months of supervised release. Individual 2 was sentenced to 60 months of supervised release. Individuals were ordered to pay \$37,727 in restitution.
AL	BL	FRB, FDIC OIG	As part of the scheme, subject submitted multiple fraudulent PPP and EIDL loan applications. Subject successfully obtained over \$1.6 million in fraudulent funds.	Subject was sentenced to 45 months incarceration, 3 years of supervised release. Individuals were ordered to pay \$609,687 restitution.
MS	BL	FBI, TIGTA	Individual made material misrepresentations to a financial institution to gain approval for PPP loans and obtained over \$500,000 by using false business operations and providing materially false information on loan applications.	Individual 1 was sentenced to 14 months of incarceration and 3 years of supervised release. Individual 2 was sentenced to 12 months of incarceration and 5 years of supervised release. Individual 3 was sentenced to 6 years of incarceration and 5 years of supervised release. Individuals were ordered to pay \$1.1 million in restitution.
AR	BL	IRS CI	Individual defrauded and conspired to submitted PPP and EIDL loans securing over \$40,000 by using false business operations and providing materially false information on loan applications.	Individual was sentenced to 36 months of supervised release and ordered to pay \$127,500 in restitution.
AR	BL	TIGTA	Individual made false statement in the attempt to obtain over \$200,000. Subject made several false statements and manipulated bank statements within the application.	Individual was sentenced to 5 years of supervised release and ordered to pay \$200,000 in restitution.
AR	BL	FRB, TIGTA	Subject made false statement in the attempt to obtain over \$20,000. Subject made several false statements and manipulated bank statements within the application.	Subject was sentenced to 3 years of supervised release and ordered to pay \$20,000 in restitution.
MT	DL	IRS CI	Individual made multiple false statements and obtained over \$109,000 in EIDLs.	Individual entered a non-prosecution agreement and ordered to pay \$109,000 in restitution.
IL	BL DL	FBI, TIGTA	Individual defrauded SBA and financial institutions for over \$400,000 in loans through the PPP.	Individual 1 was sentenced to 60 hours of community service ordered to pay \$410,508 in restitution.

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
VA	BL	FDIC, IRS CI	Individual devised a scheme and applied for over \$2.5 million in PPP loans. Subject fraudulent submitted payroll documentation in order to receive the funds.	Individual was sentenced to 24 months of incarceration, 5 years of supervised release, and ordered to pay \$2.5 million in restitution.
GA	BL	FBI, FDIC	Subject devised a scheme and applied for fraudulent PPP applications which resulted in obtaining over \$24 million in PPP funds.	Subject was sentenced to 70 months of incarceration and 3 years of supervised release and ordered to pay \$18 million in restitution.
NE	BL DL	FBI, TIGTA	Individuals submitted a PPP and EIDL application seeking over \$680,000 in COVID-19 relief funds by overstating the amount of gross revenues and average monthly payroll for the business and by submitting fake IRS Forms 941 to support the numbers provided.	Individual 1 was sentenced to 16 months of incarceration and 5 years of supervised release. Individual 2 was sentenced to 5 years of probation. Individual 3 was sentenced to 5 years of probation. Individuals were ordered to pay \$680,632 in restitution.
NV	BL	FBI, TIGTA	Subject devised a scheme and submitted over 50 applications for PPP loans on behalf of himself and others. Subject provided false information and statements on the loan applications to obtain funds to which he and others would otherwise not be entitled.	Subject was sentenced to 19 months of incarceration, 3 years of supervised release, and ordered to pay \$1.2 million in restitution.
NY	DL BL	FBI, IRS CI, FRB	Individuals submitted multiple fraudulent EIDL and PPP loan applications, including falsified supporting documentation, for companies they owned or controlled which resulted in the disbursement of over \$1.7 million in fraudulent loans and attempted to obtain \$30 million in PPP funds.	Individual 1 was sentenced to 90 months of incarceration and 3 years of supervised release. Individual 2 was sentenced to 40 months of incarceration and 3 years of supervised release. Individual 3 was sentenced to 90 months of incarceration and 3 years of supervised release. Individual 4 was sentenced to 18 months of incarceration and 3 years of supervised release. Individual 5 was sentenced to 42 months of incarceration and 3 years of supervised release. Individuals were ordered to pay \$12.4 million in restitution.
MI	BL DL	USSS	Individual made material misrepresentations to a financial institution and submitted false IRS tax form supporting the inflated payroll and number of employees listed on the application. Individual used some of the PPP funds on a down payment to lease a \$239,000 Lamborghini and obtained more than \$3.8 million dollars.	Individual was sentenced to 255 months of incarceration, 3 years of supervised release, and ordered to pay \$3.8 million in restitution.

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State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
AZ	BL	USSS, DHS HSI, TIGTA	As part of the scheme, subjects submitted multiple fraudulent loan applications. Subjects successfully obtained over \$450,000 in fraudulent funds	Subject 1 was sentenced to 36 months of supervised release. Subject 2 was sentenced to 36 months of supervised release and ordered to pay \$475,000 in restitution.
IL	DL	DHS HSI, TIGTA, IRS CI	Individuals made multiple false statements and submitted over 300 EIDL applications for advances and loans. The applications contained materially false statements and misrepresentations concerning the applicant's citizenship status, and the purported entities' number of employees, revenues, expenses, type of business, and owners. They obtained over \$16 million in EIDL loans/advances.	Individual 1 was sentenced to 35 months of incarceration and 2 years of supervised release. Individual 2 was sentenced to 50 months incarceration and 2 years of supervised release. Individuals were ordered to pay \$7.5 million in restitution.
FL	DL	FBI, FDIC OIG, IRS CI	Individual submitted false and fraudulent EIDL applications and received over \$150,000. Individuals made lavish personal purchases such as property and vacation rentals.	Individual 1 was sentenced to 4 months of incarceration and 2 years of supervised release and ordered to pay \$250,000 in restitution.
MI	DL	SSA	Individuals submitted false and fraudulent EIDL applications and received over \$400,000.	Individual 1 was sentenced to 6 months of incarceration and 3 years of supervised release. Individual 2 was sentenced to 5 years of supervised release. Individual 3 was sentenced to 3 years of supervised release. Individuals were ordered to pay \$443,900 in restitution.
sFL	BL	FBI	Individual made false assertions and certifications concerning EIDL benefits and obtained over \$150,000.	Individual was sentenced to 5 months of incarceration, 1 year of supervised release, and ordered to pay \$600,000 in restitution.
CO	GC	FBI	Subject illegally obtained \$2.3 million in loan guarantee by concealing their extensive criminal history and falsifying debts.	Subject was sentenced to 48 months of incarceration, 3 years of supervised release, and ordered to pay \$1.3 million in restitution.
FL	BL DL	FBI	Individuals conspired with others and submitted false statement and fraudulently applied for PPP loans which resulted in over \$700,000 in disbursements.	Individual 1 was sentenced to 18 months of incarceration and 3 years of supervised release. Individual 2 was sentenced to 4 months of incarceration and 3 years of supervised release. Individuals were ordered to pay \$717,530 in restitution.

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
CO	BL DL	IRS CI	Subject devised a scheme to defraud and obtain money by means of materially false representations on PPP and EDIL applications seeking over \$150,000.	Subject was sentenced to 37 months of incarceration, 3 years of supervised release, and ordered to pay \$151,000 in restitution.
WA	DL	FBI, TIGTA, DOL OIG	Individuals devised a scheme and submitted over 125 applications for PPP and EIDL loans. Individuals provided false information and statements on the loan applications seeking \$6.8 million but obtain \$3.3 million in funds.	Individual 1 was sentenced to 60 months of incarceration and 5 years of supervised release. Individual 2 was sentenced to 36 months of incarceration and 3 years of supervised release. Individual 3 was sentenced to 18 months incarceration and 3 years of supervised release. Individual 4 was sentenced to 15 months of incarceration and 3 years of supervise release. Individual 5 was sentenced to 3 years of supervised release. Individuals were ordered to pay \$4.8 million in restitution.
CO	DL/BL	TIGTA	As part of the scheme, subject submitted multiple fraudulent EIDL loan applications. Subject successfully obtained over \$4.5 million in fraudulent funds.	Subject was sentenced to 15 months of incarceration, 3 years of supervised release, and ordered to pay \$4.9 million in restitution.
FL	BL	FBI, USSS	Individual made false statement and fraudulently applied for PPP loans for more than \$1.2 million dollars.	Individual was sentenced to 70 months of incarceration, 3 years of supervised release, and ordered to \$1.2 million in restitution.
GA	BL	FBI	As part of the scheme, subject submitted multiple fraudulent EIDL applications. Subject successfully obtained over \$1.1 million in fraudulent funds.	Subject was sentenced to 40 months of incarceration, 3 years of supervised release, and ordered to pay \$1.1 million in restitution.
OK	DL/BL	USSS	Subject made multiple false statements and attempted to obtain multiple PPP and EIDL loans over \$56,000.	Subject was sentenced 48 months of supervised release and ordered to pay \$56,900 in restitution.
AK	DL	AUSA	Individual made false assertions and certifications concerning EIDL loans benefits and obtained over \$108,000.	Individual was sentenced to 48 months of incarceration, 3 years of supervised release, and ordered to pay treble damages of \$351,381 in restitution.

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State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
FL	DL BL	FBI	Individuals submitted false and fraudulent PPP applications and received over \$1.3 million in loan proceeds.	Individual 1 was sentenced to 18 months of incarceration and 3 years of supervised release. Individual 2 was sentenced to 6 months of incarceration and 3 years of supervised release. Individuals were ordered to pay \$1.3 million in restitution.
FL	BL	FBI, TIGTA	Individuals attempted to defraud the government of over \$3 million. Individuals misused proceeds for personal use on several luxury vehicles.	Individual 1 was sentenced to 70 months of incarceration and 3 years of supervised release. Individual 2 was sentenced to 33 months of incarceration and 3 years of supervised release. Individuals were ordered to pay \$2.5 million in restitution.
OK	DL	FBI	Individual created fraudulent documents, businesses and false identities and received over \$400,000 in loan proceeds. Individual misused proceeds for personal use.	Individual was sentenced to 20 months of incarceration, 3 years of supervised release, and ordered to pay \$252,143 in restitution.
MD	BL	DHS HSI	Subject submitted false statement and fraudulently applied for multiple PPP loans and resulting in over \$700,000 in disbursements.	Subject was sentenced to 17 months of incarceration, 3 years of supervised release, and ordered to pay \$734,609 in restitution.
TN	BL	FBI	Subject made multiple false statements and attempted to obtain multiple PPP and EIDL loans over \$150,000 dollars.	Subject was sentenced to 15 months of incarceration, 1 year of supervised release, and ordered to pay \$151,094 in restitution.
OK	DL	FBI, IRS CI	Subject made multiple false statements and attempted to obtain an EIDLs over \$170,000. Subject used the proceeds to purchase jewelry, watches, precious metals, and precious stones.	Subject was sentenced to 18 months of incarceration, 5 years of supervised release, and ordered to pay \$170,832 in restitution.
ND	DL	FBI	As part of the scheme, subject submitted fraudulent EIDL applications and obtained over \$330,000 in CARES Act funds.	Subject was sentenced 5 years of supervised release and ordered to pay \$333,390 in restitution.
IL	BL	FBI, IRS CI	As part of the scheme, subject submitted fraudulent EIDL applications and obtained over \$2.9 million dollars in CARES Act funds.	Subject was sentenced to 102 months of incarceration, 3 years of supervised release, and ordered to pay \$2.9 million in restitution.

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
MD	DL/BL	FBI	Individual attempted to defraud the government with multiple PPP loans and EIDLs over \$1.2 million.	Individual 1 was sentenced to 24 months of incarceration and 3 years of supervised release. Individual 2 was sentenced to 24 months of incarceration and 3 years of supervised release. Individuals were ordered to pay \$1.2 million in restitution.
GA	BL/DL	FBI	Individual applied for 41 EIDLs and 5 PPP loans totaling \$4.2 million in attempted loss and \$1.9 million in actual loss.	Individual was sentenced to 64 months of incarceration, 3 years of supervised release, and ordered to pay \$1.9 million in restitution.
GA	BL	FBI	Individual submitted false and fraudulent PPP applications and received over \$500,000 in loan proceeds.	Individual was sentenced to 60 months of incarceration, 36 months of supervised release, and ordered to pay \$547,095 in restitution.
OR	DL	TIGTA, FBI	Subject submitted a PPP application seeking over \$100,000 in COVID-19 relief funds.	Subject was sentenced to 24 months of incarceration, 3 years of supervised release, and ordered to pay \$99,549 in restitution.
OR	DL	FBI, TIGTA	Individual created fraudulent documents for businesses and false identities and attempted to receive over \$1.3 million dollars in loan proceeds.	Individual was sentenced to 21 months of incarceration, 5 years of supervised release, and ordered to pay \$1.3 million in restitution.
FL	BL	USSS, FBI	Subject submitted false information about his revenue and employment as an independent contractor.	Subject was sentenced to 14 months of incarceration, 36 years of supervised release, and ordered to pay \$1.5 million in restitution.
MS	DL	FBI, TIGTA	As part of a scheme, individuals conspired to forge IRS documents and falsify SBA forms to obtain EIDLs over \$12.1 million.	Individuals 1-3 were each sentenced to 12 months of incarceration and 3 years of supervised release. Individuals 4-6 were sentenced to 6 months of incarceration and 5 years of supervised release each. Individual 7 was sentenced to 22 months of incarceration and 3 years of supervised release. Individual 8 was sentenced to 62 months of incarceration and 3 years of supervised release. Individuals 9-10 were each sentenced to 1 month of incarceration and 3 years of supervised release. Individuals were ordered to pay \$12.4 million in restitution.

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State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
NV	DL	FBI, TIGTA	As part of the scheme, Subject submitted fraudulent EIDL applications and obtained over \$50,000 in CARES Act funds.	Subject was sentenced to 30 months of incarceration, 3 years of supervised release, and ordered to pay \$42,082 in restitution.
WA	BL	FBI, USPIS, DOL OIG, IRS CI	Subject used stolen identities to submit 2,300 fraudulent tax returns to the IRS, as well as 1,700 fraudulent claims for COVID-19 pandemic related unemployment benefits to over 25 state work force agencies. Attempted to obtain \$25 million in government funds, and successfully obtained \$2.4 million	Subject was sentenced to 42 months of incarceration, 5 years of supervised release, and ordered to pay \$1 million in restitution.
ID	BL DL	USSS	Subject submitted false and fraudulent PPP and EIDL applications, totaling over \$919,000 in attempted loss and over \$660,000 in actual loss.	Subject was sentenced to 70 months of incarceration, 5 years of supervised release, and ordered to pay \$886,879 in restitution.
NC	BL DL	FBI, TIGTA	Subject submitted false and fraudulent PPP applications and received over \$700,000 in loan proceeds.	Subject was sentenced to 24 months of incarceration, 2 years of supervised release, and ordered to pay \$720,079 in restitution.

State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
TX	BL	FBI, FDIC OIG, TIGTA	CPAs created false documents and entered misleading information on PPP loan applications, which were then submitted to lenders, receiving over \$41 million in loan proceeds.	Individual 1 was sentenced to 180 months of incarceration and 3 years of supervised release. Individual 2 was sentenced to 41 months of incarceration and 3 years of supervised release. Individual 3 was sentenced to 30 months of incarceration and 3 years of supervised release. Individual 4 was sentenced to 18 months of incarceration and 3 years of supervised release. Individuals 5-6 were sentenced to 36 months of incarceration and 3 years of supervised release. Individual 7 was sentenced to 30 months of incarceration and 3 years of supervised release. Individual 8 was sentenced to 13 months of incarceration and 3 years of supervised release. Individual 9 was sentenced to 13 months of incarceration and 3 years of supervised release. Individuals 10-14 were sentenced to 24 months of incarceration and 3 years of supervised release. Individual 15 was sentenced to 44 months of incarceration and 3 years of supervised release. Individual 16 was sentenced to 12 months of incarceration and 3 years of supervised release. Individuals 17-18 were sentenced to 18 months of incarceration and 3 years of supervised release. Individual 19 was sentenced to 97 months of incarceration and 5 years of supervised release. Individuals were ordered to pay \$41.6 million in restitution.

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State	Program	Jointly	Alleged Violation(s) Prosecuted	Legal Action
OK	BL	FRB, TIGTA	Individual submitted falsified statements to apply for approximately \$2.7 million in PPP loans, receiving \$742,961 in fraudulent disbursements.	Individual 1 was sentenced to 36 months of incarceration and 5 years of supervised release. Individual 2 was sentenced to 24 months incarceration and 5 years supervised release. Individuals were ordered to pay \$743,776 in restitution.
MA	BL	FBI, FDIC OIG	Individuals submitted false and fraudulent PPP applications and received over \$4 million in loan proceeds.	Individual 1 was sentenced to 12 months of incarceration and 2 years of supervised release. Individual 2 was sentenced to 12 months of incarceration and 2 years of supervised release. Individual 3 was sentenced to 12 months of incarceration and 2 years of supervised release. Individuals were ordered to pay \$4 million in restitution.
DC	OT	FBI	Individual obtained and sold 57 Microsoft Surface Pro computers belonging to SBA with an approximate value of \$110,233.	Individual was ordered to pay \$50,000 in restitution.
VA	GC	DCIS, GSA OIG, DHS HSI	Individual provided gratuities and bribes to government officials in exchange for government contracts.	Company was sentenced to dissolve and ceasing operations within 30 days of judgment. Case resulted in 4 convictions, 7 civil settlements totaling \$38.9 million, and 6 suspensions.
NY	GC	Army CID	Individual sought and received sports tickets, meals, and more from local general contractor in exchange for providing the company with government contracts.	Individual pled guilty and entered the Providing Alternatives That Help (PATH) Pretrial Diversion Program for 12-24 months. After successful completion, the guilty plea will be withdrawn.
CA	BL	FBI, FRB, IRS CI, TIGTA	Individual submitted 16 fraudulent loan applications to the PPP lending plan seeking approximately \$34.6 million.	Individual was sentenced to 204 months of incarceration and 3 years of supervised release. Individual was ordered to pay \$1.1 million in restitution.

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
- RRF = Restaurant Revitalization Fund
- 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)

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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)

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
National Small Business Week 2024	SBA headquarters (HQ) Office of Communications and Public Liaison - JPMorgan Chase Bank, National Association	Virtual	March 22, 2024
2024 National Small Business Week Massachusetts Awards Ceremony Breakfast	Massachusetts SBA District Office (DO) - Merrimack Valley Chamber of Commerce	Andover, MA	March 22, 2024
Woostapreneurs Forum	Massachusetts DO - Worcester Area Chamber of Commerce	Worcester, MA	March 14, 2024
Small Business Week Breakfast and Awards Ceremony	Puerto Rico & Virgin Island DO - Puerto Rico Bankers Association	Carolina, PR	March 14, 2024
Federal Contract Readiness for Women Workshops	Georgia DO - Women's Entrepreneurial Opportunity Project, Inc.	Atlanta, GA	March 12, 2024
Flint Hills Veteran Owned Small Business Summit	Wichita DO - Flint Hills Vetrepreneur Foundation	Manhattan, KS	March 12, 2024
2024 Women's Business Summit	HQ Office of Women's Business Ownership - Association of Women's Business Centers, Wells Fargo Bank, Nasdaq Entrepreneurial Center	Nationwide	March 5, 2024
2024 SBA West Virginia Small Business Week Awards Luncheon	West Virginia DO - Bank of Charles Town, aka The Community's Bank, Citizens Bank of West Virginia, Community Trust Bank, The Huntington National Bank, WesBanco Bank Inc.	Fairmont, WV	March 5, 2024
National Small Business Week 2024	HQ Office of Communications and Public Liaison – NerdWallet Inc.	Virtual	March 4, 2024
2024 Black History Month Access to Capital Matchmaker	Massachusetts DO - Roxbury Community College, Black Economic Council of Massachusetts, Greater New England Minority Supplier Development Council, Urban League of Eastern Massachusetts, Urban League of Springfield Inc., Berkshire Black Economic Council, Dorchester Bay Economic Development Corp.	Boston, MA	February 20, 2024
National Small Business Week – Congressional Breakfast and Salute to Small Business Awards Luncheon	Rhode Island DO - Skills for Rhode Island's Future	Warwick, RI	February 20, 2024

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Name/Subject of Event	Name of Cosponsor(s)	Event Location	Date Fully Executed
The E.D.G.E Workshop Series: Entrepreneurs, Decisions, Growth and Education!	Denver RO Region VIII - Small Business Majority	Virtual	February 20, 2024
Consumer Credit and Commercial Credit Seminars	Georgia DO - Decide Dekalb Development Authority, New Life Community Alliance, Equifax Inc., Morningstar Urban Development Inc., On the Rise Community Development Center	Decatur, GA	February 16, 2024
National Small Business Week Awards Event 2024	Utah DO - Mountain Federal Credit Union, Zions Bancorporation, Utah Small Business Development Center	Midvale, UT	February 13, 2024
National Small Business Week 2024	HQ Office of Communications and Public Liaison - Amazon.com Services LLC	Virtual	February 13, 2024
Utah Reboot Trainings 2024	Utah DO - Big Sky Veterans Business Outreach Center, Utah Veteran Business Source Center	Statewide/Virtual	February 6, 2024
ASCENT: Contract Ready	Utah DO - Utah Apex	Virtual	February 2, 2024
National Small Business Week 2024	HQ Office of Communications and Public Liaison - Constant Contact Inc.	Virtual	January 31, 2024
National Small Business Week 2024	HQ Office of Communications and Public Liaison - Google LLC	Virtual	January 30, 2024
ChallengeHer Campaign	HQ Office of Government Contracting - Women Impacting Public Policy Inc., American Express Travel Related Services Company Inc.	Virtual/In person	January 18, 2024
National Small Business Week Awards Breakfast	New Mexico DO - Albuquerque Hispano Chamber of Commerce	Albuquerque, NM	January 9, 2024
National Small Business Week 2024	HQ Office of Communications and Public Liaison - Lockheed Martin Corp.	Virtual	January 9, 2024
Maine SBA Lender Awards & 2023 THRIVE Graduation	Maine DO - Manufacturers and Traders Trust Co.	Freeport, ME	December 21, 2023
National Small Business Week 2024	HQ Office of Communications and Public Liaison - TriNet	Virtual	December 21, 2023
National Small Business Week 2024	HQ Office of Communications and Public Liaison - Worldpay from FIS	Virtual	December 19, 2023
Government Procurement Training Series for FY 2024	North Dakota DO - North Dakota Small Business Development Center, University of North Dakota	Virtual	December 14, 2023
Conferences and Training Events for Underserved Communities	Utah DO - Mountain West Foundation, Utah Small Business Alliance	Utah Statewide/Virtual	December 13, 2023
National Small Business Week 2024	HQ Office of Communications and Public Liaison - T-Mobile	Virtual	December 12, 2023

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<b>Name/Subject of Event</b>	<b>Name of Cosponsor(s)</b>	<b>Event Location</b>	<b>Date Fully Executed</b>
Marketing and Outreach Activities Disaster Preparedness	HQ Office of Disaster Assistance - Insurance Institute for Business & Home Safety, Triple-I	Virtual/Nationwide	December 6, 2023
National Small Business Week 2024	HQ Office of Communications and Public Liaison - Square	Virtual	December 2, 2023
Contracting, Business Matchmaking, Financing and Small Business Outreach Events	Hawaii DO - State of Hawaii Transportation, Office of Civil Rights Disadvantaged Business	Statewide	November 29, 2023
National Small Business Week 2024	HQ Office of Communications and Public Liaison – ADP Inc.	Virtual	November 22, 2023
2023 SBA Annual Meeting & Lender Awards	Massachusetts DO - Massachusetts Bankers Association	Newton, MA	November 21, 2023
National Small Business Week 2024	HQ Office of Communications and Public Liaison - VISA USA Inc.	Virtual	November 17, 2023
SBA MA Salute to Veterans – Matchmaker	Massachusetts DO - City of Burlington Economic Development Office	Burlington, MA	November 17, 2023
Flint Hills Veteran Owned Small Business Summit	Wichita DO - The Spark Inc., Junction City Main Street, Junction City Area Chamber of Commerce, Military Affairs Council, Manhattan Area Chamber of Commerce, Military Relations Committee, Kansas Small Business Development Center, SCORE Wichita Chapter 0143, St. Louis Veterans Business Resource Center	Manhattan, KS	October 30, 2023
National Small Business Week 2024	HQ Office of Communications and Public Liaison - SCORE Association	Virtual	October 19, 2023
Washington Small Business Fair (Washington Biz Fair)	Seattle DO - SCORE Greater Seattle, Washington Center for Women in Business, Washington Small Business Development Center, Washington State University, Washington State Department of Commerce, Washington State Governor’s Office for Regulatory Innovation and Assistance, Washington Women’s Business Center, Business Impact NW, Women’s Business Center, Spokane Neighborhood Action Partner, Pierce College Puyallup	Puyallup, Spokane, WA	October 17, 2023
Nevada 2024 National Small Business Week Awards	Nevada DO - Asian American and Pacific Islander Chamber of Commerce of Southern Nevada Inc.	Las Vegas, NV	October 16, 2023

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<b>Name/Subject of Event</b>	<b>Name of Cosponsor(s)</b>	<b>Event Location</b>	<b>Date Fully Executed</b>
Unite Conference - National Veteran Small Business Week 2023	Utah DO - Big Sky Veteran Business Outreach Center, Utah Veteran Business Resource Center, Utah Department of Veteran and Military Affairs	Hurricane, UT	October 3, 2023

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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 (CIGIE) requires that organizations that conduct inspections and evaluations under the *Quality Standards for Inspection and Evaluation*, or Blue Book, must have an external peer review at least once every 3 years. During FY 2023, our Audits Division underwent a Blue Book peer review conducted by the Board of Governors of the Federal Reserve System OIG. SBA OIG generally met Blue Book standards.

### Investigations Division

Section 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 May 2023, Treasury OIG reviewed our Investigations Division and issued a final report on June 6, 2023. Treasury OIG found that the system of internal safeguards and management procedures for the investigative function of OIG complied with the quality standards established by CIGIE and the applicable Attorney General's guidelines. No recommendations were offered.

## Appendix H: Office of Inspector General Reporting Requirements

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

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

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

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

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

Section	Reporting Requirement	Location
4(a)(2)	Review of legislation and regulations	Other Significant OIG Activities
5(a)(1)	Significant problems, abuses, and deficiencies	Throughout
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	Significant Recommendations from this Reporting Period
5(a)(3)	Prior significant recommendations on which corrective action has not been completed	Significant Recommendations from Prior Reporting Periods Without Final Action as of September 30, 2019
5(a)(4)	Matters referred to prosecutive authorities	Legal Actions Summary
5(a)(5)	Instances in which requested information was refused	N/A
5(a)(6)	List of audit, inspection, and evaluation reports	Reports Issued; Reports with Questioned Costs
5(a)(7)	Significant reports	Throughout
5(a)(8)	Audit, inspection, and evaluation statistical tables	Statistical Highlights
5(a)(9)	Audit, inspection, and evaluation reports with recommendations that funds be put to better use	Reports with Recommendations that Funds Be Put to Better Use

5(a)(10)	Audit, inspection, and evaluation reports without management decision, without comment within 60 days, or with unimplemented recommendations	Reports from Prior Periods with Overdue Management Decisions; Reports from Prior Periods with Open Recommendations as of September 30, 2019
5(a)(11)	Revised management decisions	Significant Revised Management Decisions
5(a)(12)	Management decisions with which the Inspector General disagrees	Significant Management Decisions with Which OIG Disagrees
5(a)(13)	Information described under section 05(b) of the Federal Financial Management Improvement Act of 1996	Federal Financial Management Improvement Act
5(a)(14)–(16)	Peer review results	External Peer Reviews
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.\*

Visit our [OIG Hotline website](#).

Write or visit:

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