

U.S. Small Business Administration Office of Inspector General

FY 2025 Budget Justification

March 2024



Contents

Overview	1
Figure 1: Return on Investment FY 2019–2023.....	2
Pandemic Response Oversight.....	3
Fraud Landscape.....	4
Budget Request.....	5
Budget Proposal and Resource Utilization.....	7
FY 2025 Budget Request.....	8
Base Resource Utilization.....	9
Budget Table	12
Table 1: FY 2025 Budget Request.....	12
Figure 2: FY 2025 Estimated Obligations	13
Critical Risks Facing SBA.....	13
SBA Top Management & Performance Challenges FY 2023.....	14
Pandemic Response Programs	15
Small Business Access to Capital	16
Disaster Assistance Program	16
Procurement Assistance	17
Entrepreneurial Development.....	18
Agency Management.....	19
OIG Oversight Activities.....	20
Pandemic Response Oversight.....	20
Small Business Access to Capital	23
Disaster Assistance Program	24
Contracting and Counseling Programs	26
Financial Management and Information Technology	27
Agency Management.....	27
Acquisition Processes	27
Verification Inspection Program.....	28
Other OIG Activities	28
OIG Hotline.....	28

OIG Whistleblower Program.....	29
Security Operations	29
Review of Proposed Regulations and Initiatives.....	29
Debarment and Administrative Enforcement Actions	29
Training and Outreach	30
OIG Performance and Statistical Accomplishments	31
Statistical Highlights in FY 2022	32
Table 2: FY 2022 Summary of OIG Dollar Accomplishments	32
Table 3: FY 2022 Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities.....	32
Table 4: FY 2022 Indictments, Convictions, and Case Actions.....	33
Table 5: FY 2022 SBA Personnel Actions Taken as a Result of Investigation.....	33
Table 6: FY 2022 Program Actions Taken During the Reporting Period as Result of OIG Action..	34
Table 7: FY 2022 Agency Legislative and Regulatory Proposals Reviewed.....	34
Reports Issued in FY 2022	35
Table 8: Top Management Challenges.....	35
Table 9: Agency Management	35
Table 10: Credit/Capital Programs.....	36
Table 11: Contracting/Counseling Programs.....	37
Table 12: Disaster Assistance	38
Statistical Highlights in FY 2023	39
Table 13: FY 2023 Summary of OIG Dollar Accomplishments	39
Table 14: FY 2023 Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities.....	39
Table 15: FY 2023 Indictments, Convictions, and Case Actions.....	40
Table 16: FY 2023 SBA Personnel Actions Taken as a Result of Investigation.....	40
Table 17: FY 2023 Program Actions Taken During the Reporting Period as Result of OIG Action	40
Table 18: FY 2023 Agency Legislative and Regulatory Proposals Reviewed.....	41
Reports Issued in FY 2023	42
Table 19: 2023 Top Management Challenges.....	42
Table 20: 2023 Agency Management.....	42
Table 21: 2023 Credit/Capital Programs.....	43
Table 22: 2023 Contracting/Counseling Programs.....	44
Table 23: 2023 Disaster Assistance	44
Reporting Requirements Under the Inspector General Reform Act of 2008	45
Table 24: FY 2025 Budget Request.....	45
OIG Organizational Structure	46

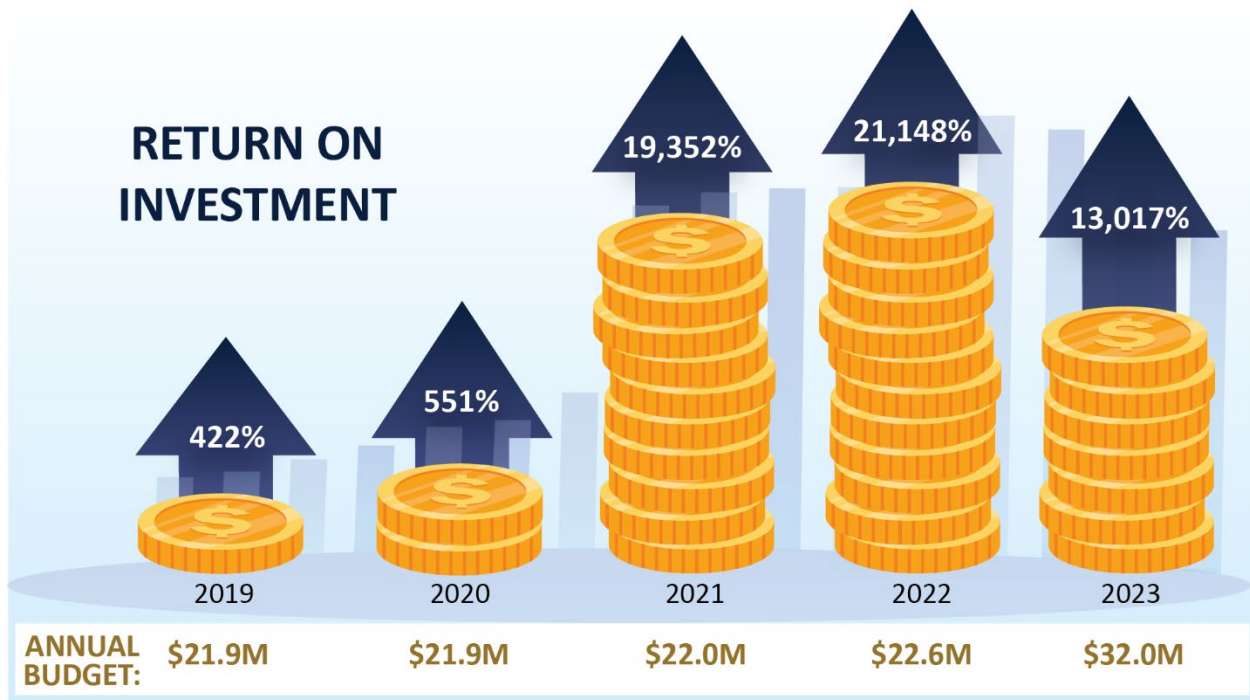
Overview

The U.S. Small Business Administration (SBA) Office of Inspector General (OIG) provides auditing, investigative, and other services to support and assist SBA in achieving its mission. OIG provides recommendations to SBA leadership aimed at improving the integrity, accountability, and performance of SBA and its programs for the benefit of the American people. The office's investigations division pursues evidence of wrongdoing in SBA programs, bringing fraudsters to justice. For the past 2 years (2021-2022), our office has been ranked as a top OIG in the Best Places to Work in the federal government by the Partnership for Public Service with a 2022 engagement and satisfaction score of 86.2, which far exceeds the overall government score of 63.4. OIG's engaged workforce provides taxpayers with a significant return on investment, rooting out fraud, waste, and abuse in SBA programs.

Since fiscal year (FY) 2021, OIG has provided a historic and exponential return on investment to the taxpayer with over \$13 billion in dollar accomplishments, which includes investigative recoveries, fines, and forfeitures, as well as review findings of disallowed costs. These accomplishments have resulted in consistent year-over-year returns on investment to the American taxpayer of 19,352 percent in FY 2021; 21,148 percent in FY 2022; and 13,017 percent in FY 2023 (see Figure 1). OIG anticipates providing significant returns on investment for years to come.

OIG has been aggressively combating fraud in SBA's pandemic response programs. As of December 31, 2023, our Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) oversight and investigative work has resulted in 1,255 indictments, 985 arrests, and 683 convictions. Additionally, over \$8 billion in EIDL funds have been returned to SBA by financial institutions and another \$20 billion by borrowers. OIG has played a key role in the return of these funds through working with our law enforcement partners, financial institutions, and educating the public about fraud in the pandemic relief programs, which has served as a deterrent to fraudsters. Also, consistent with the recommendations in our oversight work published in OIG Reports 23-16 and 22-25, the agency has completed comprehensive cost benefit analyses that substantiate the pursuit of collections on \$30 billion in EIDL and PPP loans under \$100,000.

Figure 1: Return on Investment FY 2019–2023



Source: OIG generated

Notwithstanding these accomplishments, OIG’s oversight capacity is dependent upon the availability of sufficient budgetary resources to continue addressing the fraud within SBA pandemic response programs. The President has put forward a Budget request for OIG to ensure continued oversight of SBA’s pandemic response and its vital flagship programs supporting the nation’s small businesses. The FY 2025 Budget will allow OIG to capitalize on the laws (P.L. 117-165 and P.L. 117-166) that extended the statute of limitations for fraud in the PPP and EIDL programs to 10 years, as well as provide effective oversight over SBA’s flagship programs that are subject to significant management and performance challenges.

OIG is critical to the success of SBA in meeting its mission to maintain and strengthen the Nation’s economy by helping small businesses and by assisting in the economic recovery of communities after disasters. OIG provides independent, objective, and timely oversight to improve the integrity, accountability, and performance of SBA. OIG’s reviews and investigations have found that even before the pandemic, SBA faced major challenges in managing enormous financial lending programs, information technology, and other areas. That being said, management of the Coronavirus Disease 2019 (COVID-19) pandemic stimulus lending programs is the greatest overall challenge facing SBA, and it will continue to be for many years as the agency grapples with fraud

in these programs. Pandemic response has magnified the challenging systemic issues in SBA's mission-related work.

The extension of the statute of limitations allows for the fight to continue for 10 years, but without the requested appropriations for the 2025 Budget, we will not have sufficient means to combat the fraud within SBA programs. Our full budget request allows us to provide effective oversight of SBA's flagship programs. OIG's resources are prioritized to align with these challenges, so the scope of fraud within the pandemic response programs and the systemic challenges will severely cripple OIG's investigative and auditing work.

Pandemic Response Oversight

SBA was authorized to administer approximately \$1.2 trillion primarily through the PPP, COVID-19 EIDL, Shuttered Venue Operators Grant (SVOG), and the Restaurant Revitalization Fund (RRF) to help mitigate the economic damage from the pandemic. Executive and legislative actions at the onset of the pandemic were designed to quickly address the economic fallout, which allowed SBA to reduce or eliminate key internal controls and rely on self-certification of eligibility to expedite aid. In turn, OIG quickly pivoted to provide oversight of SBA's pandemic response programs.

OIG knew at the start of the pandemic that SBA would face a delicate balancing act of preventing widespread fraud while ensuring timely disbursement of relief funds to Americans in immediate need of assistance. Our concern was how SBA was going to quickly deliver capital to qualifying small businesses without having first established the internal controls necessary to decrease fraud risk. This was why we issued two reports prior to the first PPP loan being disbursed. Our reports stressed the importance of up-front program controls to mitigate the risk of fraud, such as verifying that the business did indeed exist before the onset of the pandemic and that it had been adversely affected by the economic downturn. Based on the lessons learned from other disasters, OIG knew the weaknesses we found in the past would be greatly magnified with programs as large as the COVID-19 EIDL and the PPP.

Even with these early warnings, SBA's internal control environment contributed to bringing about the biggest fraud in a generation. It was immediately clear that pandemic relief efforts had drawn the attention of unscrupulous and greedy criminals. In fact, the first criminal charges of PPP fraud were announced on May 5, 2020 — approximately 1 month after the program was initially authorized by Congress. Complaints from lenders and allegations of misuse of funds overwhelmed OIG's Hotline. We received over 100,000 in the first year alone. Hotline complaints now exceed more than 270,000.

OIG focuses its oversight capacity on the most significant risks to SBA and taxpayers. Many of these risks are addressed in OIG's *Top Management and Performance Challenges Facing the SBA*, which OIG issues annually in accordance with the Reports Consolidation Act of 2000. The management challenges represent areas that OIG considers particularly vulnerable to fraud, waste, abuse, or mismanagement, or which otherwise pose significant risk to the agency, its operations, or its credibility.

To date, we have issued 40 reports that have focused on SBA's pandemic response and more are upcoming. As stated in our Audits Division 2024 Oversight Plan, upcoming reports will focus on a holistic approach in assessing SBA's pandemic response programs and flagship programs. SBA's decision to expand the role of Small Business Lending Centers within the 7(a) program, and other planned regulatory changes, are significant and will be subject of oversight efforts. Additionally, OIG is working on more than 10 mandatory reviews required by law, and dozens of other reviews that are determined by our risk analyses. Finally, OIG also is providing oversight of SBA's response to Hurricanes Ian and Fiona.

Fraud Landscape

Our *COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape*, released June 27, 2023, provided policymakers with an understanding of the fraud perpetuated against SBA, and also provided OIG the insight necessary to prioritize and lead investigative efforts across the nation, particularly in task forces and strike forces led by the U.S. Department of Justice (DOJ).

Using OIG's investigative casework, prior OIG reporting, advanced data analytics, and additional review procedures, we estimated SBA disbursed more than \$200 billion in potentially fraudulent COVID-19 EIDLs and PPP loans. This estimate represents approximately 17 percent of disbursed COVID-19 EIDLs and PPP funds — specifically, more than \$136 billion COVID-19 EIDLs and \$64 billion in PPP funds. Since SBA did not have an established strong internal control environment for approving and disbursing program funds, there was an insufficient barrier against fraudsters accessing funds that should have been available for eligible business owners adversely affected by the pandemic.

In addition, recent regulatory changes to flagship SBA programs greatly affecting small business owners and the American economy could expand the fraud landscape. SBA's changes to the 7(a) loan program and the 8(a) Business Development Program, which intend to increase the inclusion of lenders and small businesses, also could require an increase in oversight. OIG will continue to shine the light on areas of concern and will be an independent and objective voice promoting transparency.

Support of OIG's budget request sends a strong message of deterrence to fraudsters taking aim at all U.S. government programs. OIG has proven that with the necessary resources, we promote public trust and instill integrity in SBA programs. However, OIG will exhaust supplemental funds being directed to combat fraud in SBA's pandemic response programs in FY 2024. Absent the total budgetary authority requested in the Budget, OIG would not be able support the investigative and fraud enforcement capabilities necessary to provide accountability for wrongdoing and preserving the integrity of SBA programs.

Budget Request

The 2025 Budget requests \$67.4 million in total budget authority to continue to build on our robust return on investment to taxpayers. This includes \$47.02 million in direct discretionary funding and \$20.38 million transferred from the SBA Disaster Loan Program, including \$16.674 million to support ongoing oversight of SBA's COVID-19 EIDL portfolio. These funds will allow OIG to maintain a total staffing level of 247 positions, providing vital investigative capacity and oversight to the hundreds of billions in potential fraud in SBA pandemic response programs. This will also enable oversight of the burgeoning \$481.5 billion loan portfolio and \$162.9 billion in federal contracting dollars to small businesses.

P.L. 117-165 and P.L. 117-166 extended the statute of limitations to 10 years for PPP and EIDL fraud. The extension of the statute of limitations recognizes the importance of OIG's oversight, our unprecedented results, and the magnitude of PPP and EIDL fraud. Thanks to swift Congressional action, our office is authorized to continue to bring fraudsters to justice until at least 2030 because the 10-year statute of limitations is chargeable to the last overt act. These requested funds will provide investigative resources, such as criminal investigators, data scientists, investigative analysts, and attorneys to ensure those who exploited the public trust do not evade justice.

Continued support of OIG will undoubtedly result in a robust return on investment to taxpayers. The 2025 Budget request will position our office to continue to spearhead the fraud fight in FY 2025 and beyond. Since 2020, OIG's work has resulted in more than \$13 billion in dollar accomplishments, which includes investigative recoveries, fines, and forfeitures, as well as review findings of disallowed costs. This figure does not include the nearly \$30 billion returned to SBA from borrowers and lenders, which is greatly attributable to OIG's outreach and coordination. Our assertive oversight efforts have the added value of deterring future fraudsters in other government programs. Also, consistent with the recommendations in our oversight work published in OIG Reports 23-16 and 22-25, the agency has completed comprehensive cost benefit analyses that substantiate the pursuit of collections on \$30 billion in EIDL and PPP loans under \$100,000.

OIG will leverage the funding requested in the FY 2025 Budget to continue its oversight of SBA's pandemic response programs, combat the fraud identified within our fraud landscape report, and provide oversight of programs that pose risk through systemic management and performance challenges. This also includes SBA's flagship programs within the framework of capital, contracting, counseling, and disaster assistance.

For FY 2023, SBA's total budgetary resources used for staffing, operations, and loan subsidy costs were \$32.3 billion. Total nonbudgetary resources for loan financing used to make direct loans and purchase guaranteed loans in default were \$32.3 billion. The SBA's guaranteed portion of the outstanding loan principal decreased \$23.5 billion in FY 2023 to \$140.2 billion. During FY 2023, new guarantees disbursed by SBA participating banks were \$27 billion, a \$5.6 billion decrease from last year. In FY 2023, purchases of defaulted guaranteed loans increased from \$6 billion last year to \$12.2 billion. The loans receivable portion of the SBA credit program portfolio decreased in FY 2023 to \$272 billion from \$321.5 billion in FY 2022. The decrease in loans receivable was related to a spike in disaster loan-making in 2022.

Below is a summary of additional, reported performance by SBA in its *FY 2023 Agency Financial Report*.

Capital: In FY 2023, the SBA approved nearly \$34 billion, or more than 63,000 7(a) and 504 loans to small businesses; 7(a) loans, 504 loans, microloans, and surety bonds helped to support more than 705,000 American jobs. The SBA invested more than \$8 billion in over 1,200 small businesses through the Small Business Investment Company program, which supported over 130,000 jobs.

Contracting: The SBA continued to partner with agencies across the Federal Government to expand small business contracting opportunities. From FY 2017 through FY 2022, small businesses were awarded over \$820 billion in federal contracts (FY 2023 contracting numbers continue to be collected and certified). The Federal Government continued to exceed its small disadvantaged and service-disabled, veteran-owned small business contracting goals but will continue to face challenges meeting its HUBZone and women-owned small business contracting goals.

Counseling: The SBA helped entrepreneurs start more than 28,900 new businesses in FY 2023 and served over 737,000 unique clients. Additionally, the SBA's Community Navigators Pilot Program helped small businesses access over \$115 million in grants and loans. Under the community navigator approach, traditional business assistance organizations enlist trusted, culturally knowledgeable partners to conduct targeted outreach to specific, underserved sectors of the entrepreneurial community.

Disaster Assistance: In FY 2023, the SBA approved more than 43,000 direct disaster loans for events such as floods, hurricanes, and tornadoes, totaling nearly \$3 billion. The Agency managed 425 disaster assistance declarations during FY 2023. In addition to supporting communities before, during, and after natural disasters, the SBA continued to oversee COVID-19 relief programs in every state and territory.

The fraud perpetrated against SBA's pandemic response programs has been characterized as the biggest fraud in a generation, as evident by the hundreds of billions in potential fraud estimated and identified by OIG and the oversight community. These estimates are turning into actionable fraud cases. Our investigative efforts across government are bringing fraudsters to justice. In August 2023, DOJ announced it has now seized over \$1.4 billion in COVID-19 relief funds that criminals had stolen and charged over 3,000 defendants with crimes in federal districts across the Nation. OIG criminal investigators are at the forefront in this fraud fight. Our data analytics team is fueling investigative leads and revealing fraud for joint and cross-governmental investigative efforts.

Coupled with suspicious transactions reported by financial institutions, referrals of fraud from OIG's Audits Division, anomaly detection and link analysis-derived leads through data analytics, OIG's investigative staff requires the total resources requested in the 2025 Budget. Though not every instance of fraud will be investigated or prosecuted within the PPP and EIDL programs, an investment of OIG's investigative capacity will promote cooperative partnerships across the Federal law enforcement community, facilitate prioritization of investigations, and provide desperately needed resources to investigate the most sinister and complex wrongdoers that disproportionately stole from taxpayers. Support of the 2025 Budget's request for OIG's sends a strong message of deterrence to fraudsters taking aim at all U.S. Government programs. OIG has proven with the necessary resources it is poised to promote public trust and instill integrity in SBA programs.

Budget Proposal and Resource Utilization

The 2025 Budget requests \$67.4 million in total budget authority for OIG. OIG has judiciously and deliberately leveraged its base and supplemental resources to provide a framework for oversight excellence in FY 2024/25. The 2025 Budget provides a continuation of OIG's oversight framework, which matches the President's Management Agenda, as well as the Administration's commitment to combatting fraud. In addition to investigating billions in estimated fraud, OIG also will perform oversight of SBA certification programs. Federal small business contracting reached a historic level of \$162.9 billion in FY 2022, an increase of \$8.7 billion over the previous fiscal year. There has also been a fourfold increase in SBA's loan portfolios since the pandemic

response, from more than \$150 billion to more than \$559 billion. OIG's oversight capacity must measuredly increase to mitigate risk to taxpayers and to promote integrity within SBA's programs.

FY 2025 Budget Request

The 2025 Budget requests \$67.4 million in total budgetary authority for OIG. The following critical initiatives account for this necessary increase:

- The request to transfer \$3.706 million from SBA's Indirect Disaster Assistance Program account represents a necessary \$2.106 million increase from the FY 2024 Annualized Continuing Resolution (CR) level. The budgeted transfer was last adjusted in FY 2020. Since then, no cost-of-living increases have been accounted for in the personnel costs associated with oversight of SBA's Disaster Assistance Program. These funds continue to support two audit teams supported by a writer-editor, an attorney, and a budget analyst. The teams are providing oversight of SBA's expansive EIDL program that provided \$387 billion in pandemic assistance. OIG's oversight of the Disaster Assistance Program includes declared disasters, including civil unrest and natural disasters such as hurricanes, flooding, and wildfires. Our office will leverage supplemental funds to continue to provide effective oversight of hurricanes like Ian and Fiona, and the wildfire tragedy in Maui, Hawaii.
- The request to transfer \$16.674 million from the SBA Disaster Loan Program account to support our ongoing oversight of SBA's COVID-19 EIDL portfolio. These funds are needed to sustain critical OIG resources to continue combatting the unprecedented fraud in SBA's pandemic response. These funds enable OIG to build on its existing oversight capacity as COVID-19 EIDLs enter into repayment with additional criminal investigators, data scientists, auditors, and professional staff. These investments in data analytics capabilities, auditors, and investigative coverage enable OIG to analyze more data, conduct more audits and reviews, instigate more cases, recover more funds from fraudsters, and promote public trust and integrity within SBA programs and operations.
- In support of the president's government-wide initiative to heighten Information Technology (IT) security. The Budget requests \$1.8 million to support OIG's IT modernization of antiquated systems, migration to a secure and cost-effective commercial cloud solution, and exploitation of digital evidence in our burgeoning investigative efforts related to pandemic assistance fraud. This will provide continuous support in the Technology Services Division, which will include staffing of a Chief Technology Officer, Cyber-Security Specialist, and application developers. OIG will also establish a Digital Forensics and Computer Intrusion Program to effectively combat cybercrimes and protect the public's

safety and privacy. This program will provide digital forensic support, leveraging state-of-the-art technology and innovative methodologies to support the search and seizure of digital evidence for criminal violations to ensure timely and effective investigations. The program will conduct oversight and coordination of cyber-related criminal investigations affecting the SBA network infrastructure, whether perpetrated by internal or external entities. A critical program goal is to bring bad actors to justice while also helping protect the privacy of Americans using SBA systems so small business owners and entrepreneurs can continue to access vital counseling, capital, and contracting support programs.

- OIG will utilize \$1.2 million for costs associated with the 2025 pay increase for its personnel.

Base Resource Utilization

OIG will work an active nationwide caseload of approximately 600 criminal, civil and administrative investigations of potential loan, grant, and contracting fraud as well as other wrongdoing. Many of these investigations involve complex, multimillion-dollar fraudulent financial schemes perpetrated by multiple suspects. OIG's pandemic assistance program oversight and investigative work resulted in 1,255 indictments, 985 arrests, and 683 convictions as of December 31, 2023. Also, over \$8 billion has been returned by financial institutions to SBA related to the EIDL programs. SBA has also received over \$20 billion in EIDL funds that have been returned by borrowers. Also, consistent with the recommendations in our oversight work published in OIG Reports 23-16 and 22-25, the agency has completed comprehensive cost benefit analyses that substantiate the pursuit of collections on \$30 billion in EIDL and PPP loans under \$100,000. OIG will conduct risk-based audits and reviews of SBA activities with a focus on systemic, programmatic, and operational vulnerabilities. During FY 2023, OIG issued 16 reports with 75 recommendations for improving the agency's operations, identifying improper payments and strengthening controls to reduce fraud and unnecessary losses in SBA programs. Additionally, the OIG Audits Division identified \$3.8 billion in disallowed costs agreed to by management for funds be put to better use.

OIG's Audits Division will staff four groups to oversee SBA's principal, high-risk programs in Business Development, Credit, Financial Management and IT, and Disaster Assistance. It will staff one Audit Operations Group to focus on efficiency and effectiveness of internal operations and SBA management challenges. These resources will efficiently execute the Annual Oversight Plan.

Utilizing the \$3.7 million transfer of funds from SBA's Disaster Loan Program account, OIG will staff the Disaster Assistance Programs Group. This group is comprised of an Audit Director and three audit teams and is supported by writing, legal, and budget

specialists to provide critical oversight of SBA's Disaster Assistance Program. The transfer of funds from SBA's Disaster Loan Program account has been fully supported for more than 20 years in the President's Budget. The \$2.1 million increase to the transfer of funds from SBA's Disaster Program account will cover payroll costs of personnel dedicated to oversight of the significantly expanded disaster loan portfolio. These program oversight costs have not been adjusted since FY 2020. As SBA responds to the most recent disasters, our oversight plans take shape and our work roots out fraud, waste, and abuse. Aided by this supplemental funding, our Audits Division initially focuses its reviews on timeliness, eligibility, technical assistance grants, and early defaults. Traditionally, our reviews are followed by a surge of investigative activity to root out fraud.

OIG contracts with an independent public accountant to ensure SBA's financial statements are prepared in accordance with *Government Auditing Standards* and to monitor the agency's compliance with the Federal Information Security Management Act (FISMA) and the Improper Payments Elimination and Recovery Act of 2010.

OIG will conduct mandated reviews to maintain integrity of SBA programs and meet informational needs of stakeholders. OIG performs a review semiannually to determine the adequacy of SBA controls over the solicitation, acceptance, holding, and utilization of cash contributions and gifts, and an annual review of government purchase card transactions.

OIG will continue to provide oversight and monitoring of SBA's IT security and application development activities, including new systems under development and the agency's compliance with FISMA. OIG has identified systemic problems with SBA's IT systems, and this remains a top management challenge facing the agency.

OIG has integrated its data analytics initiative into its audit and investigative processes and is committed to creating an infrastructure that will enable a robust data strategy for the future. The OIG Data Analysis Group is comprised of the Data Analytics Director, three data analysts/scientists, and an IT Specialist for Data Management. Currently, OIG's data analytics function is augmented through contracted data scientist, data visualization, and data integration personnel. SBA uses numerous data systems to manage its loan processes and activities, and this data changes constantly and involves automated processes. OIG's data analytics function positions the office to provide evidence-based oversight to detect and investigate fraud. Through artificial intelligence, OIG will augment its oversight capacity. We endeavor to detect fraud in real-time to prevent losses to the taxpayer.

Pursuant to mandates set forth in the Inspector General Act of 1978, as amended, OIG manages a robust Hotline to receive and process allegations of fraud, waste, abuse, or serious mismanagement in SBA programs and operations. These complaints come from

employees, contractors, and the public. During FY 2023, the Hotline received 49,319 complaints. In total, since March 2020, the Hotline has received over 275,000 complaints, in addition to over 2 million referrals from SBA of loan applications that are believed to be associated with identity theft. Hotline staff are collaborating with data analytics to handle these complaints and identify those that contain actionable evidence of wrongdoing. Such complaints are reviewed and analyzed by Hotline staff to determine and coordinate appropriate action.

Pursuant to mandates set forth in the Inspector General Act of 1978, as amended, OIG's designated Whistleblower Coordinator educates SBA employees about prohibitions on retaliation for whistleblowing, as well as employees' rights and remedies if they are retaliated against for making a protected disclosure.

We will continue to review proposed revisions to SBA regulations, policies, procedures, and other directives with an emphasis on strengthening internal controls to prevent potential fraud and wasteful, confusing, or poorly planned initiatives. For the year ending September 30, 2023, OIG provided recommendations to improve 15 of the 136 proposed revisions it reviewed.

We will continue to make present responsibility referrals that can result in debarments, suspensions, and other administrative enforcement actions to foster integrity in SBA programs. During FY 2022, OIG sent 53 present responsibility referrals to SBA, and during FY 2023, OIG sent 16 present responsibility referrals to SBA.

We will serve as an educational resource, ensuring that oversight and lending officials develop or maintain technical proficiency in small business issues, suspension and debarment, the Program Fraud Civil Remedies Act, and other topics related to deterring and detecting fraud in government lending and contracting programs. OIG gave 754 training and outreach sessions to approximately 7,700 attendees in FY 2022. In FY 2023, OIG conducted 623 training and outreach sessions for approximately 6,212 attendees.

We will support the strategic use of awards and recognition throughout the performance year, address workforce challenges, recognize high-performing employees and those with talent critical to mission achievement.

We will cover the cost for required OIG employee and contractor background investigations to achieve a high level of integrity in OIG's workforce. Finally, we will adjudicate OIG employees and contractors for issuance of Personal Identity Verification cards pursuant to Homeland Security Presidential Directive 12 background investigations requirements.

Budget Table

To address the challenges and risks discussed above and in the critical risks section below, the 2025 Budget requests \$67.4 million in total budgetary authority for OIG. This includes \$47.02 million in direct discretionary funding and \$20.38 million transferred from the SBA Disaster Loan Program, including \$16.674 million to support ongoing oversight of SBA’s COVID-19 EIDL portfolio.

Table 1: FY 2025 Budget Request

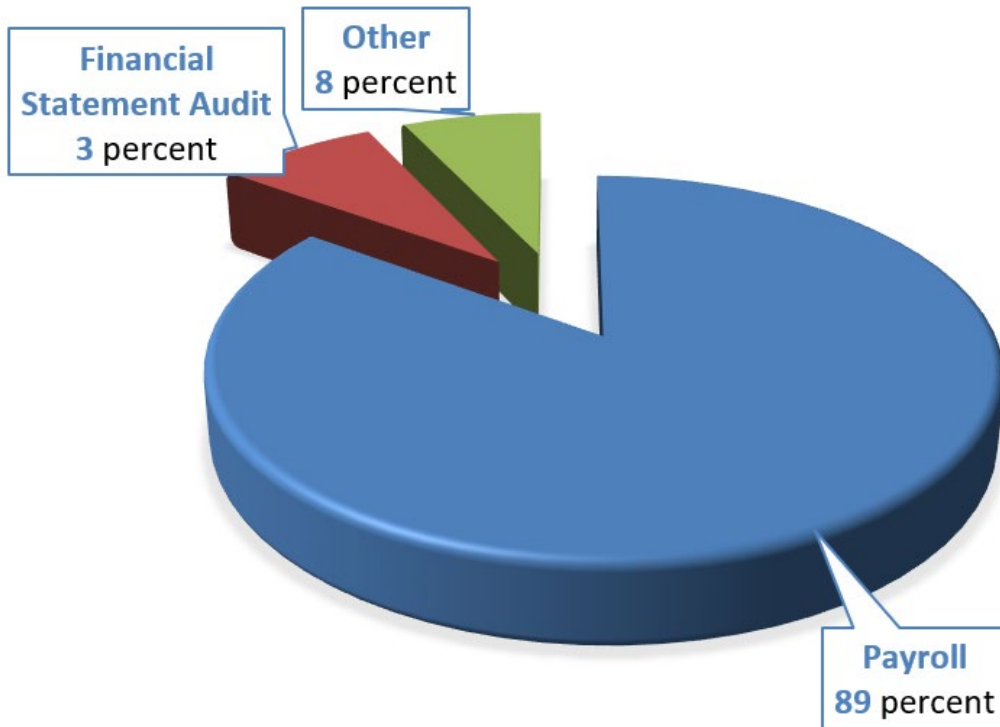
Budget Authorizations	FY 2023 Actual (dollars in millions)	FY 2024 Annualized CR Request (dollars in millions)	FY 2025 Request (dollars in millions)
New Direct Budget Authority	\$32.020	\$32.020	\$47.020
Transfer from Disaster Loan Program Account	\$1.600	\$1.600	\$3.706
Transfer from Disaster Loan Program Account (COVID-19 EIDL Program Oversight)	\$0	\$0	\$16.674
Total Amount	\$33.620	\$33.620	\$67.400

The request includes over \$1 million for training, which is sufficient to satisfy all training needs for the fiscal year. With enhanced telework and remote work options, OIG is committing to providing an annual all-hands training conference to provide strategic direction and training to its workforce. This training conference was previously held on a biennial basis.

Within this request, approximately \$270,000 will cover OIG’s funding support for the Council of the Inspectors General on Integrity and Efficiency (CIGIE), in accordance with § 6(g) of the Inspector General Act of 1978, as amended, 5 U.S.C. This contribution is .4 percent of the OIG’s FY 2025 designated funding level based on a total budget request of \$67.4 million, including the CIGIE amount.

Approximately 89 percent of the funds requested for FY 2025 will be used for salary and benefits and the anticipated 2 percent pay increase for 247 positions, as well as the cost of the annual audit of SBA’s financial statements by an independent public accountant.

Figure 2: FY 2025 Estimated Obligations



Source: OIG generated

Critical Risks Facing SBA

With available resources, OIG must focus on the most significant risks to SBA and the taxpayer. Many of these risks are addressed in OIG’s *Top Management and Performance Challenges Facing the SBA*, which OIG issues annually in accordance with the Reports Consolidation Act of 2000. In this context, OIG is providing robust oversight of SBA’s program areas, which includes more than \$1.2 trillion in pandemic response funds, \$162.9 billion in federal contracting dollars to small businesses, and a portfolio of \$713.2 billion in small business loan guaranties and direct loans, which includes loans made pursuant to the pandemic programs.

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

Each management challenge generally has originated from one or more reports issued by OIG or the Government Accountability Office (GAO). We do not usually rank the top challenges in order of importance or magnitude, except for the COVID-19 challenge. We view all eight challenges as critically important to SBA operations in the upcoming year. However, we have placed the COVID-19 economic relief programs at the top for the last 3 years in recognition that it is the agency's most acute challenge.

SBA Top Management & Performance Challenges FY 2023

Challenge 1

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

Challenge 2

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

Challenge 3

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

Challenge 4

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

Challenge 5

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

Challenge 6

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

Challenge 7

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

Challenge 8

SBA Needs Robust Grants Management Oversight

Pandemic Response Programs

SBA's significant role in the nation's pandemic response is without precedent. SBA has expended more than \$1 trillion in lending authority and entrepreneurial assistance following the pandemic. The speed in which the aid had to be disbursed led the agency to lower internal controls, which increased the risk of fraud and misuse of taxpayer funds.

To support businesses affected by the COVID-19 pandemic, Congress tasked SBA with lending more than \$387 billion in COVID-19 EIDLs and \$20 billion in COVID-19 emergency advance grants. Congress also appropriated additional funds for new disaster assistance programs, \$35 billion for targeted EIDL advances, \$16.25 billion for the Shuttered Venue Operators Grant program, and \$28.6 billion for the Restaurant Revitalization Fund.

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

On December 27, 2020, through the Consolidated Appropriations Act, 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act extended the program through March 31, 2021. The Economic Aid Act provided an additional \$147.5 billion, and the American Rescue Plan Act of 2021 provided an additional \$7.2 billion in program funding, which increased the total program funding to \$813.7 billion. On March 30, 2021, the PPP Extension Act of 2021 continued the program through June 30, 2021. Applications closed May 31, 2021.

SBA's need to quickly provide relief to small businesses led the agency to reduce internal controls in pandemic-related programs, which substantially increased the fraud risk. It was immediately clear that pandemic relief efforts had drawn the attention of unscrupulous business owners and greedy criminals.

Within weeks, complaints from lenders and allegations of widespread fraudulent activity overwhelmed OIG's Hotline. We launched hundreds of investigations and initiated audits to root out the fraud and abuse endangering these critical resources. We made recommendations for corrective action in the internal control environment, seeking to achieve program effectiveness.

Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. It has a financial assistance portfolio of guaranteed and direct loans totaling \$481.5 billion. Over the years, OIG has worked closely with the agency to identify potential risks and to improve SBA's oversight and controls to ensure that only eligible participants benefit from these programs.

For example, the agency's largest lending program, the Section 7(a) loan, is SBA's principal vehicle for providing eligible small businesses with access to credit that cannot be obtained elsewhere. Proceeds from a 7(a) loan may be used to establish a new business or to assist in acquiring, operating, or expanding an existing business. This program relies on numerous outside parties (e.g., borrowers, loan agents, and lenders) to complete loan transactions, with most loans made by lenders with SBA delegated loan-making authority. Additionally, SBA has centralized many loan approval and servicing functions and reduced the number of staff performing these functions, placing more responsibility on, and giving greater independence to, its lenders. Past OIG reviews have reported on these trends, and OIG continues to identify weaknesses in SBA's lender and loan agent oversight processes.

Criminals use a wide array of techniques to fraudulently obtain or induce others to obtain SBA-guaranteed loans. These include submitting fraudulent documents, making fictitious asset claims, manipulating property values, using loan proceeds contrary to the terms of the loans, and failing to disclose debts or prior 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, to recovering funds.

Disaster Assistance Program

Disaster assistance has been part of the agency since its inception in 1953. Through its Office of Disaster Recovery and Resilience, SBA provides long-term, low-interest financial assistance to businesses of all sizes, private nonprofit organizations, homeowners, and renters following a declared disaster. Each year, SBA approves hundreds of millions 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 disaster losses. The program includes four categories of loans for disaster-related losses: home disaster, physical business disaster, economic injury, and military reservist economic injury loans.

Unfortunately, the need to disburse such loans quickly poses many complications, which can create opportunities for dishonest applicants to commit fraud. OIG and GAO audits have identified that SBA's disaster assistance loans have been vulnerable to fraud and losses in the past because loan transactions are often expedited to provide quick relief to disaster survivors. Disaster lending personnel, who are brought into the workforce quickly, may lack training or experience. Additionally, the volume of loan applications may overwhelm SBA's resources and its ability to exercise careful oversight of lending transactions. OIG audits and investigations have identified specific instances of fraud as well as necessary systemic improvements to reduce fraud and provide effective and efficient loan delivery and protect taxpayer dollars.

Procurement Assistance

Each year, the federal government spends hundreds of billions of dollars in federal contracts to procure goods and services. SBA has worked to maximize opportunities for small business firms to receive these contract awards. For FY 2023, the federal government aimed for 23 percent of these award dollars to go to small businesses. SBA reported that the federal government exceeded the goal in FY 2022, awarding 26.5 percent, or \$162.9 billion, in federal contract dollars to small businesses — an \$8.7 billion increase from the previous year.

To accomplish this goal, SBA has specific programs that focus on strengthening particular small businesses, including firms owned and controlled by service-disabled veterans or women (WOSBs), and small businesses that are disadvantaged or located in historically underutilized business zones (HUBZone). For example, the HUBZone program helps small businesses stimulate their economically challenged local economies. Similarly, to help small, disadvantaged businesses gain access to federal and private procurement markets, SBA's 8(a) Business Development Program offers a broad range of business development support, such as mentoring, procurement assistance, business counseling, training, financial assistance, surety bonding, and other management and technical assistance.

Even with effective controls, some businesses misrepresent their eligibility for the HUBZone, WOSB, service-disabled veteran, and 8(a) programs to wrongfully receive preference for government contracts. OIG and other federal investigations have identified schemes in which companies owned or controlled by non-disadvantaged persons falsely claim to be disadvantaged or use actual disadvantaged firms as fronts. In other schemes, perpetrators use bribery or fraudulent procurement documents to achieve their ends.

Entrepreneurial Development

SBA provides training, mentoring, and counseling services to small businesses through a variety of strategic partnerships. The Office of Entrepreneurial Development (OED) oversees a network of programs and services that support the training and counseling needs of small business. OED manages and leverages three major resources: Small Business Development Centers (SBDC); SCORE, a national mentor network; and Women's Business Centers. The Office of Veteran Business Development partners with Veterans Business Outreach Centers (VBOC) to administer veteran technical assistance and training programs, which includes the Boots to Business program. Although each resource program's goals and target audiences may vary, they share a common mission: to provide business advice, mentoring, and training to small business owners and entrepreneurs. SBA primarily administers these programs through grants and cooperative agreements.

OIG has identified weaknesses in SBA's oversight of recipient use of federal funds and performance outcomes. Notably, the SBDC program is the largest grant program in the agency's portfolio. OIG has identified problems with comingling SBDC grant funds with private-enterprise contributions and accounting for required matching funds. Some SBDCs are combined with Women's Business Centers, which makes it difficult to determine what services are associated with each grant program. In addition, having two grant programs delivering similar services increases the risk of duplicating services, which can be a waste of taxpayer resources. Our review of the SCORE program also identified similar weaknesses in SBA's oversight of federal funds, including funds used for unallowable, unallocable, unreasonable expenses, and inaccurate performance results.

Under the Disaster Relief Appropriations Act, 2013, SBA awarded additional grants to these resource partners. OIG found that SBA did not enhance its internal controls to ensure that program goals were achieved, and expenditures were allowable. As a result, SBA developed guidance to mitigate these risks in the event of future grants for disaster assistance.

In 2020, SBA administered the \$240 million provided under the CARES Act for the resource partners to provide counseling, training, and related assistance to small businesses adversely affected by the COVID-19 pandemic. OIG reviewed the procedures SBA used to award the grants and found improvement was needed to ensure the agency set meaningful performance goals to assess program achievements. SBA is also awarded a \$25 million cooperative agreement to resource partner associations to establish a single centralized hub for information related to COVID-19.

This included a training program to educate resource partner counselors and mentors on the COVID-19 information available to assist affected small businesses. OIG reviewed the implementation of the training program and found that SBA did not establish expectations for performance goals. As a result, SBA was unable to hold the grant recipient accountable when the training program was hardly used. Also, SBA did not ensure the grant recipient awarded contracts in accordance with federal regulations.

In FY 2021, SBA established the Community Navigator Pilot Program as authorized by the American Rescue Plan Act of 2021. SBA awarded grants to private nonprofit organizations, resource partners, states, tribes, and units of local government to strengthen outreach to underserved businesses and improve access to pandemic relief programs and recovery services for small businesses. OIG is currently assessing SBA's implementation of the pilot program to include the effectiveness of corrective actions identified in prior audits and reviews.

SBA also provides grants to states through its State Trade Expansion Program (STEP), previously piloted as the State Trade and Export Promotion grant program, as part of its strategic objective to help small business exporters succeed in global markets. At Congress's request, OIG reviewed both the pilot program and its replacement. OIG found that SBA's oversight of the program did not ensure that it achieved intended results. SBA relied on unverified performance data and did not ensure that the grant recipients performed the activities as planned, leaving federal funds unexpended at the end of the grant. As international business and travel were adversely affected by the pandemic, the CARES Act provided extensions for STEP funding that will require additional oversight to ensure funds are used for their intended purposes.

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 these efforts, OIG works with the SBA 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.

Congress supplemented SBA's appropriations by approximately \$4.6 billion to administer over \$1 trillion dollars of authorized economic stimulus for small businesses. SBA used most of these funds to procure goods and services to support SBA's prompt implementation of the CARES Act programs. This spending is a sixfold increase over typical annual procurements for the agency.

SBA's IT systems play a vital role in managing the agency's operations and programs, including nearly \$1 trillion dollars in its loan portfolios. However, OIG audits and other

reviews have identified serious shortcomings in SBA's information systems and related security controls. OIG reviews have found that SBA has not fully implemented adequate oversight of its IT systems, has not established an effective process to remediate security vulnerabilities, and has not developed an effective process to upgrade IT capabilities. OIG has issued management challenges recommending corrective actions in SBA's IT security and acquisition processes.

OIG Oversight Activities

Through audits and other reviews, OIG provides independent oversight of critical aspects of SBA's programs and operations to improve the agency's efficiency and effectiveness. OIG also supports SBA's mission by conducting criminal, civil, and administrative investigations involving agency programs and operations. The OIG Hotline is poised to receive complaints of fraud, waste, abuse, and mismanagement from the public, agency employees, its contractors, grantees, and stakeholders. OIG serves as a government-wide training resource for small business fraud and enforcement issues. OIG also plays a vital role in raising awareness of fraud schemes and vulnerabilities for SBA lending partners and other entities involved in agency programs. These activities help to ensure that SBA employees, loan applicants, and program participants possess a high level of integrity. This is critical to the proper administration of SBA programs because it helps ensure that the agency's resources are used only by those who deserve and need them the most.

During FYs 2024 and 2025, in addition to conducting audits and reviews that are required by statutes and other directives, OIG will continue to focus on the most critical risks facing SBA and conducting criminal, civil and administrative investigations to root out fraud, waste, and abuse. Several areas of emphasis are discussed below.

Pandemic Response Oversight

Congress authorized SBA with over \$1 trillion in pandemic assistance lending authority, as such, OIG has made this our highest oversight priority.

On June 27, 2023, OIG published the *COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape*. We conducted this review to provide a comprehensive estimate of the potential fraud in the SBA pandemic assistance loan programs. The fraud landscape not only provided policymakers with an understanding of the fraud perpetuated against SBA, but it also provides OIG the insight necessary to prioritize and lead investigative efforts across the nation, particularly in task forces and strike forces led by DOJ.

Using OIG's investigative casework, prior OIG reporting, advanced data analytics, and additional review procedures, we estimate SBA disbursed more than \$200 billion in potentially fraudulent COVID-19 EIDLs and PPP loans. This estimate represents

approximately 17 percent of disbursed COVID-19 EIDLs and PPP funds — specifically, more than \$136 billion COVID-19 EIDLs and \$64 billion in PPP funds.

In February 2023, OIG released its Audits Division 2023 Oversight Plan. Our comprehensive oversight plan uses all available OIG resources to provide timely, objective, and independent oversight of the PPP, EIDL, Shuttered Venue Operators Grant, Restaurant Revitalization Fund, and entrepreneurial development resources being implemented by SBA pursuant to congressional mandate.

To support businesses affected by the COVID-19 pandemic, in FY 2021, Congress tasked SBA with lending more than \$387 billion in COVID-19 EIDLs and \$20 billion in COVID-19 emergency grants. In FY 2021, Congress appropriated additional funds for new disaster assistance programs: \$35 billion for targeted and supplemental EIDL advances; \$16.25 billion for the SVOG program; and \$28.6 billion for the RRF. In addition, the CARES Act also provided \$349 billion for the creation of the PPP under Section 7(a) of the Small Business Act. Congress added an additional \$310 billion to the PPP on April 24, 2020, through the Paycheck Protection Program and Health Care Enhancement Act. On December 27, 2020, through the Consolidated Appropriations Act, 2021, the Economic Aid to Hard Hit Small Businesses, Nonprofits, and Venues Act extended the program through March 31, 2021. The Economic Aid Act provided an additional \$147.5 billion in program funding and the American Rescue Plan Act of 2021 provided an additional \$7.2 billion in program funding, which increased the total program funding to \$813.7 billion. On March 30, 2021, the PPP Extension Act of 2021 extended the program through June 30, 2021, with May 31, 2021, as the last day for acceptance of applications.

SBA response to the COVID-19 pandemic made FY 2020 a historic year in loan applications, approvals, and disbursements. To put SBA's effort in FY 2020 and going into FY 2021 in perspective, SBA had approved \$2.2 million in disaster loans, which is included in a total of \$66.7 billion in SBA's entire history since 1953. As of June 26, 2020, SBA had approved and distributed more disaster loans for COVID-19 than for all other disasters combined in the history of SBA. For Hurricanes Katrina, Rita, and Wilma, the agency approved 160,845 loans for \$11 billion. For Superstorm Sandy, the agency approved 38,094 loans for \$2.6 billion. For Hurricanes Harvey, Irma, and Maria, the agency approved 25,991 loans for \$1.16 billion. As of July 31, 2020, the agency had approved over 3.5 million COVID-19 EIDLs for over \$187.2 billion. By April 12, 2020, SBA had received more than 15 million loan applications. Before the pandemic, the agency averaged about 65,000 per year.

The pandemic loans will perform in the portfolio for up to 30 years. As loans go into default, whistleblowers come forward and data analysis continues, OIG will continue to identify prosecutable fraud charges for up to 10 years.

The disaster loan program is the only form of SBA assistance not limited to small businesses; the program's disaster loans are the primary form of federal assistance for repairing and rebuilding nonfarm, private sector disaster losses. In addition, the CARES Act and Paycheck Protection Program and Health Care Enforcement Act expanded eligible entities for COVID-19 relief to include businesses, cooperatives, employee stock ownership plans, and tribal concerns with less than 500 employees, sole proprietorships with or without employees, independent contractors, and agricultural enterprises. The program included four categories of loans for disaster-related losses: home disaster loans, business disaster loans, EIDL, and military reservist economic injury loans.

OIG's resources are currently focused on providing oversight of PPP funds and combating fraud, waste, and abuse in PPP and other programs. We currently have 10 ongoing reviews involving PPP, EIDL, and entrepreneurial development programs. These reviews are focused on SBA's loan review and forgiveness processes, handling of potentially fraudulent PPP loans, initial disaster assistance response to COVID-19, implementation of subsidies for 7(a) loan payments, oversight of the resource partner associations' implementation of the CARES Act requirements, and another award procedures for cooperative agreements. Additionally, OIG identified several areas that will warrant future audits and reviews, including eligibility and forgiveness, third-party processors (fintechs), 7(a) and 504 lending, and reviews of the SBDCs and Women's Business Centers compliance with CARES Act cooperative agreement requirements. OIG will also assess SBA's use of contractors and its contracting practices in implementing pandemic response responsibilities, as well as IT security and infrastructure. OIG's robust oversight of these programs will continue for the foreseeable future.

Criminals used a wide array of techniques to fraudulently obtain PPP and EIDLs. Since March 2020, we have initiated hundreds of investigations involving complaints of fraud, with noteworthy results in arrests, indictments, and convictions being reported daily by DOJ. Among these accomplishments was the first case in the nation against defendants fraudulently seeking PPP loans, announced on May 5, 2020. This achievement was the result of dedicated work by OIG criminal investigators and its law enforcement partners. With the tens of thousands of allegations of wrongdoing reported to our OIG Hotline and data analysis efforts, the number of criminal investigations will increase rapidly. Further changes in the program terms (such as loan terms) could increase new complaints; however, we anticipate a resurgence of allegations of wrongdoing when the PPP shifts to forgiveness, with documentation to substantiate eligibility and use of proceeds facing scrutiny. Even though the term on these loans is only up to 5 years, statute of limitations for this fraud will be active beyond 2030.

Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. SBA has a financial assistance portfolio of guaranteed and direct loans that totaled about \$481.5 billion as of September 30, 2023. 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 is SBA's principal vehicle for providing small businesses with access to credit that cannot be obtained elsewhere. Proceeds from a 7(a) loan may be used to establish a new business or to assist in acquiring, operating, or expanding an existing business. This program relies on numerous outside parties (such as borrowers, loan agents, and lenders) to complete loan transactions.

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

As recently as 2020, SBA stated it did not have the administrative resources to regulate and oversee new Small Business Lending Centers in the nationwide 7(a) lending platform beyond the current 14 centers. SBA is now amending its business loan program regulations to add a new type of lending entity called a Community Advantage Small Business Lending Center. SBA is also removing the requirement for a loan authorization in the 7(a) and 504 Certified Development Company Loan programs. The goal of these changes is to expand access to capital to small businesses and drive economic recovery. The 504 loan helps qualifying entrepreneurs who cannot find traditional financing purchase or renovate real estate or buy heavy equipment for a small business through a lender and a certified development company.

SBA must take intentional steps to implement internal control systems for new Small Business Lending Centers. OIG will need to assess changes proposed by SBA due to the increased risks for both the 7(a) and 504 programs.

SBA has also taken steps through pending final rules to expand non-federally regulated lenders' participation in the program. It is anticipated these lenders will use financial technology (fintech) companies in a similar way that we saw in the PPP. Fintech provides these non-federally regulated lenders and Small Business Lending Centers, which are collectively referred to as SBA Supervised Lenders, with the capacity to reach underserved markets. Highly regulated depository institutions (such as banks or savings associations), which are the backbone of the 7(a) loan program, also use fintech

in making services available to anyone with access to the internet. OIG's past and ongoing work can inform critical decisions to plan and deliver the 7(a) loan program to qualifying American small business owners.

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.

Disaster Assistance Program

OIG audits of SBA's Disaster Loan program will continue to focus on applicant eligibility, loan origination, disbursements, repayment ability, loan servicing, liquidation activities related to disaster loans, and SBA's initial response to major disasters. In addition to the significant work, our focus in recent years has been on providing oversight to SBA's disaster assistance to victims of Hurricanes Sandy, Harvey, Irma, Maria, Florence, and most recently, SBA's initial response to Hurricanes Ian and Fiona; the Maui wildfires; and Hurricane Idalia. As SBA responds to these disasters, our oversight plans take shape, and our work continues to root out fraud, waste, and abuse. Aided by vital supplemental funding, our Audits Division initially focuses its reviews on timeliness, eligibility, technical assistance grants, and early defaults. Traditionally, our audit reviews are followed by a surge of investigative activity; however, with our burgeoning data analytics program, we will soon have the potential to detect and combat fraud as the programs are being implemented.

In addition to reviews of Hurricane Sandy loans, OIG performed audits to assess SBA's response associated with other devastating disasters. During 2017, three additional hurricanes hit the country. In August, Hurricane Harvey struck Texas. Two weeks later, Hurricane Irma caused significant damage to the U.S. Virgin Islands, Puerto Rico, Florida, Georgia, and South Carolina. Two weeks after that, Hurricane Maria hit the U.S. Virgin Islands and Puerto Rico. The National Oceanic and Atmospheric Administration estimated damages for the three hurricanes at \$265 billion. They ranked among the top five costliest U.S. hurricanes on record. In 2018, OIG issued three inspection reports assessing SBA's initial response to Hurricanes Harvey, Irma, and Maria. In 2019, OIG also assessed SBA's initial response to Hurricane Florence. OIG has several reviews ongoing and directly oversaw SBA's response to Hurricanes Ian and Fiona.

In 2019, we also assessed SBA's desktop loss verification process. The process consisted of an initial desktop verification to estimate the cost of repairs and a post desktop review, which is used to verify the initial estimate. We found that SBA had disbursed more than 36,000 loans for more than \$594 million without validating the cause and extent of damages.

In 2020, despite our primary focus on COVID-19 related matters, we also assessed the Office of Disaster Assistance improper payment appeal process and its compliance with the Debt Collection Improvement Act. We will continue to evaluate potential risks in the program, such as SBA's continued response to COVID-19 EIDLs, eligibility requirements, use of proceeds, proof of insurance, early COVID-19 defaulted loans, timely program delivery, loan affordability, and training of reserve workforce. Our disaster loan program audits will assess whether SBA processed homeowner and business loans in accordance with the agency's procedures and established goals and ensured applicant eligibility.

For investigations, OIG will focus efforts on areas of known risk, such as unauthorized use of loan proceeds, overstatement of financial losses, materially false statements in the application process, false or counterfeit supporting documentation, and false assertions regarding primary residency in affected areas at the times of the disasters. Since 2006, OIG has conducted dozens of criminal investigations involving disaster loans resulting in hundreds of arrests, indictments/informations, and convictions. As of September 30, 2022, OIG has 11 open cases involving disaster loans with potential dollar losses of nearly \$2.2 million. From FY 2006 through FY 2022, OIG, in conjunction with other law enforcement agencies, conducted 163 arrests, 177 indictments/informations, and 172 convictions related to wrongdoing in SBA's Disaster Assistance Program. These investigations have resulted in over \$27.2 million in court-ordered restitution and related recoveries. In addition, \$7.2 million in loans was denied to potentially fraudulent borrowers.

Specific to Hurricane Sandy, in response to the potential for fraud, OIG joined other law enforcement organizations in support of the New Jersey Attorney General's Office Sandy Fraud Task Force. Since 2014, OIG, in conjunction with other law enforcement agencies, has conducted criminal investigations resulting in 61 indictments/informations and 47 convictions related to wrongdoing in SBA's Disaster Assistance loan program for Hurricane Sandy. The first OIG Sandy investigation was opened in May 2013. Subsequently, OIG has had 88 Sandy cases, totaling nearly \$16 million in potential fraud.

In the aftermath of Hurricane Harvey, OIG collaborated with federal and local agencies to coordinate responses to disaster assistance fraud. These partners included the National Center for Disaster Fraud in Baton Rouge, Louisiana, as well as the U.S.

Attorney's Office. OIG also worked with SBA program offices to alert Hurricane Harvey victims about possible fraud schemes, particularly identity theft. From FY 2018 through FY 2022, 16 Hurricane Harvey cases had been opened, with potential dollar losses exceeding \$3.1 million. During that time, there were six indictments and four convictions.

In the case of the geographically widespread Hurricanes Irma and Maria, OIG coordinated its efforts with task forces consisting of other law enforcement agencies and United States Attorney's Offices, as well as following up on leads from National Center for Disaster Fraud. OIG made field visits to promote its investigative mission to stakeholders in the affected areas. From FY 2018 through FY 2022, 21 cases related to Hurricanes Irma and Maria were opened, with potential dollar losses of nearly \$1.2 million. During that time, there were five indictments and five convictions. OIG anticipates its oversight of Hurricanes Ian and Fiona will parallel the geographically widespread nature of Hurricanes Irma and Maria.

Contracting and Counseling Programs

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

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

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

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

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

Financial Management and Information Technology

OIG will continue to oversee the audits of SBA's financial statements, as well as Federal Information Security Management Act and Federal Information Systems Controls Audit Manual reviews, which are conducted by an independent public accountant under a contract with OIG. The scope and complexity of the audit increased because of the volume and breadth of COVID-19 assistance programs. SBA received a disclaimer of opinion on its 2023 financial statement audit, and OIG is working with the agency to improve its financial controls. OIG will provide oversight and monitoring of SBA's cloud migration, IT security, and application development activities, including new systems under development and the agency's compliance with FISMA. The scope of the FISMA evaluation is anticipated to expand as OIG evaluates agency progress in implementing initiatives designed to strengthen and enhance federal cybersecurity. OIG and an independent public accountant have previously identified systemic problems with security controls over SBA's IT systems. This area remains one of the most serious management challenges facing the agency. OIG plans to continue monitoring systems development activities related to improvements to financial and program related systems as well as investments, cost management, and reporting in cloud computing. Specifically, OIG will perform evaluations to improve SBA's controls over cybersecurity threats and vulnerabilities. OIG will continue its mandated reviews of SBA's compliance with the Digital Accountability and Transparency Act (DATA), the Improper Payments and Elimination Recovery Act, and purchase card and cash gifts acceptance and reporting guidelines.

Agency Management

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

Acquisition Processes

OIG audits will continue to focus on SBA's compliance with federal contracting regulations and its policies and procedures over IT systems acquisition and project

oversight. OIG efforts also will include monitoring system development activities related to SBA's beta.Certify.sba.gov platform. We will validate capital investment and data security controls as well as assess whether software functionality was delivered to end users in accordance with project requirements.

Verification Inspection Program

Over the years, Congress and other stakeholders have expressed concern about unimplemented OIG recommendations government wide. Recognizing the importance of assuring the agency has implemented OIG recommendations, we instituted a verification inspection program. This program will involve follow-up reviews to ensure SBA has implemented agreed-upon corrective actions and that they are operating as intended. Given the magnitude and significance of our previous, ongoing, and planned work, particularly considering SBA's role in the COVID-19 response, it is imperative for us to have adequate funding and staffing to meet this organizational need.

Other OIG Activities

In addition to investigations, audits, inspections, and other reviews, OIG will provide leadership and recommend policies for activities designed to promote economy, efficiency, and effectiveness, and to prevent and detect fraud and abuse in such programs and operations. The activities described here ensure that OIG can fulfill this statutory mandate and leverage external entities through training and outreach activities.

OIG Hotline

Hotline staff conduct a preliminary review and analysis of all complaints received to determine the appropriate course of action. The OIG Hotline is staffed by OIG employees who process and analyze allegations of fraud, waste, abuse, or serious mismanagement in SBA or its programs from employees, contractors, and the public.

As part of the Hotline process, staff may coordinate reviews of allegations within OIG, with SBA program offices, or with other governmental agencies. Most Hotline complaints are submitted through an online complaint submission system located on OIG's website. Those who report information can do so openly, anonymously, and confidentially, without fear of reprisal.

The Hotline also handles the Freedom of Information Act (FOIA) program which involves the review, and processing of FOIA requests from the public. OIG FOIA staff are responsible for interacting and coordinating requests with the applicable SBA program office, contacting FOIA requestors, reviewing and redacting documentation,

and preparing responses to the requestors. FOIA requests are submitted through an online portal, via e-mail, or through U.S. mail.

OIG Whistleblower Program

Pursuant to the Whistleblower Protection Coordination Act, OIG has designated a Whistleblower Coordinator within the Office of Counsel to educate SBA employees about prohibitions on retaliation for whistleblowing, as well as employees' rights and remedies if anyone retaliates against them for making a protected disclosure. In addition, the National Defense Authorization Act of 2013, which was made permanent in December 2016, created a pilot program extending whistleblower protections to government contractors, subcontractors, and grantees. These provisions may result in the OIG Hotline receiving an increased number of complaints. Additionally, this law mandates OIG Investigations of these complaints and a report to the SBA Administrator to consider corrective action on the part of the contractor/grantee.

Security Operations

OIG's Office of Security Operations will continue to perform required employee background investigations to achieve a high level of integrity in OIG's workforce. The office also adjudicates OIG employees and contractors for issuance of Personal Identity Verification cards pursuant to Homeland Security Presidential Directive 12 requirements.

Review of Proposed Regulations and Initiatives

OIG reviews changes SBA proposes to make to its program directives, such as regulations, internal operating procedures, agency policy notices, and SBA forms completed by the public. OIG often identifies material weaknesses in the proposals and works with the agency to promote more effective controls to deter waste, fraud, and abuse.

Debarment and 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.

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.

Training and Outreach

OIG will continue to conduct training and outreach sessions on topics related to fraud in government lending and contracting programs. Providing such training will better equip the federal oversight community with the knowledge and skills necessary to pursue small business contracting fraud cases.

OIG Performance and Statistical Accomplishments

During FY 2021, OIG provided a historic and exponential return on investment to taxpayers with \$4.2 billion in dollar accomplishments, which includes investigative recoveries, fines, and forfeitures, as well as review findings of disallowed costs. OIG's oversight efforts in FY 2022 exceeded this return on investment with dollar accomplishments over \$4.8 billion. Adding to these consistent successes, OIG continued to provide a landmark return on investment in FY 2023 with another \$4.2 billion in dollar accomplishments to American taxpayers.

OIG's PPP and EIDL oversight and investigative work has resulted in 1,255 indictments, 985 arrests, and 683 convictions as of December 31, 2023. Also, over \$8 billion has been returned by financial institutions to SBA related to the EIDL programs. SBA has also received over \$20 billion in EIDL funds that have been returned by borrowers. OIG has played a key role in the return of these funds through working with our law enforcement partners, financial institutions, and educating the public about fraud in the pandemic relief programs, which has served as a deterrent. Also, consistent with the recommendations in our oversight work published in OIG Reports 23-16 and 22-25, the agency has completed comprehensive cost benefit analyses that substantiate the pursuit of collections on \$30 billion in EIDL and PPP loans under \$100,000.

Statistical Highlights in FY 2022

Table 2: FY 2022 Summary of OIG Dollar Accomplishments

Dollar Accomplishments as a Result of Investigations and Related Activities	Amount
Potential Investigative Recoveries and Fines	\$184,925,326
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies)	\$89,564,199
Asset Forfeitures Attributed to OIG Investigations	\$33,468,574
Loans/Contracts Not Approved or Canceled as a Result of Investigations	\$8,865,853
Investigations Subtotal	\$316,823,952
Dollar Accomplishments as a Result of Audit Activities	Amount
Disallowed Costs Agreed to by Management	\$4,500,000,000
Recommendations that Funds Be Put to Better Use Agreed to by Management	0
Audit Subtotal	4,500,000,000
Total OIG Dollar Accomplishments	\$4,816,823,952

Table 3: FY 2022 Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities

Activities	Amount
Reports Issued	25
Recommendations Issued	129
Dollar Value of Costs Questioned	\$4,662,253,423
Dollar Value of Recommendations that Funds Be Put to Better Use	0
Recommendations for Which Management Decisions Were Made	105
Recommendations Without a Management Decision	40
Collections as a Result of Questioned Costs	0

Table 4: FY 2022 Indictments, Convictions, and Case Actions

Actions	Amount
Indictments from OIG Cases	294
Convictions from OIG Cases	194
Cases Opened	559
Cases Closed	289

Table 5: FY 2022 SBA Personnel Actions Taken as a Result of Investigation

Actions	Amount
Dismissals	0
Resignations/Retirements	0
Suspensions	0
Reprimands	0
Other	0

Table 6: FY 2022 Program Actions Taken During the Reporting Period as Result of OIG Action

Actions	Amount
Present Responsibility Referrals to the Agency	53
Pending at the Agency as of March 31, 2021	49
Suspensions Issued by the Agency	7
Proposed Debarments Issued by the Agency	23
Final Debarments Issued by the Agency	15
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

Table 7: FY 2022 Agency Legislative and Regulatory Proposals Reviewed

Actions	Amount
Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	142
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	24

Reports Issued in FY 2022

Table 8: Top Management Challenges

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
Top Management and Performance Challenges Facing the SBA in FY 2022	22-02	10/15/2021	0	0
Program Subtotal	1	—	0	0

Table 9: Agency Management

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA's Controls Over Cash Contribution and Gifts FY 2021 and 2022	22-03	10/28/2021	0	0
Independent Auditors' Report on SBA's Compliance with DATA Act Reporting	22-04	11/8/2021	0	0
Independent Auditors' Report on SBA's FY 2021 Financial Statements	22-05	11/15/2021	0	0
COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List	22-06	11/30/2021	0	0
FY 2021 FISMA Review	22-11	4/28/2022	0	0
Independent Auditors' Report on SBA's Fiscal Year 2021 Compliance with the PIIA of 2019	22-12	5/17/2022	0	0
SBA's Controls Over Cash Contributions and Gifts Fiscal Years 2022 and 2021	22-14	6/15/2022	0	0
COVID-19 and Disaster Assistance Information Systems Security Controls	22-19-	9/27/2022	0	0

SBA's Corrective Actions to Improve Monitoring District Offices' Customer Service Activities	22-23	9/30/2022	0	0
Program Subtotal	9	—	0	0

Table 10: Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA's Paycheck Protection Program Loan Review Processes	22-09	2/28/2022	0	0
SBA's Handling of Potentially Fraudulent PPP Loans	22-13	5/26/2022	0	0
The 7(a) Loan Guaranty Approval Process	22-18	9/20/2022	0	0
Paycheck Protection Program Eligibility for Nonprofit Organizations	22-21	9/26/2022	\$3,544,216	0
SBA's Guaranty Purchases for PPP Loans	22-25	9/30/2022	0	0
Program Subtotal	5	—	\$3,544,216	0

Table 11: Contracting/Counseling Programs

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal	22-07	1/18/2022	\$14,762,774	0
SBA's Business Development Assistance to 8(a) Program Participants	22-08	2/14/2022	\$93,146,292	0
Evaluation Of SBA's Contract for Disaster Assistance Loan Recommendation Services	22-10	4/14/2022	\$13,046,125	0
Inspection of SBA's Award and Payment Practices in the Shuttered Venue Operators Grant Program	22-15	7/5/2022	\$35,784,816	0
SBA's Implementation of the Women-Owned Small Business Certification Program	22-20	9/29/2022	0	0
SBA's Protest Process	22-24	9/30/2022	0	0
Program Subtotal	6	—	\$156,740,007	0

Table 12: Disaster Assistance

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA Emergency EIDL Grants to Sole Proprietors and Independent Contractors	22-01	10/7/2021	\$4,500,000,000	0
SBA's COVID-19 EIDL Program Data Migration Challenges	22-16	7/19/2022	0	0
Evaluation of COVID-19 EIDL Applications Submitted from Foreign IP Addresses	22-17	9/12/2022	0	0
Follow-up Inspection of SBA's Internal Controls to Prevent COVID-19 EIDLs to Ineligible Applicants	22-22	9/29/2022	\$1,969,200	
Program Subtotal	4	—	\$4,501,969,200	0

Statistical Highlights in FY 2023

Table 13: FY 2023 Summary of OIG Dollar Accomplishments

Dollar Accomplishments as a Result of Investigations and Related Activities	—
Potential Investigative Recoveries and Fines	\$274,489,206
Other Recoveries (e.g., administrative seizures with partner law enforcement agencies)	\$24,279,932
Asset Forfeitures Attributed to OIG Investigations	\$87,680,566
Loans and Contracts Not Approved or Canceled as a Result of Investigations	\$1,410,540
Investigations Subtotal	\$387,860,244
Dollar Accomplishments as a Result of Audit Activities	—
Disallowed Costs Agreed to by Management	\$3,807,280,585
Recommendations that Funds Be Put to Better Use Agreed to by Management	0
Audit Subtotal	\$3,807,280,585
Total OIG Dollar Accomplishments	\$4,200,151,211

Table 12: FY 2023 Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities

Reports Issued	16
Recommendations Issued	75
Dollar Value of Costs Questioned	\$3,812,290,967
Dollar Value of Recommendations that Funds Be Put to Better Use	0
Recommendations with Management Decisions	75
Recommendations without Management Decisions	1
Collections as a Result of Questioned Costs	\$1,367,417

Table 13: FY 2023 Indictments, Convictions, and Case Actions

Indictments from OIG Cases	445
Convictions from OIG Cases	216
Cases Opened	195
Cases Closed	249

Table 14: FY 2023 SBA Personnel Actions Taken as a Result of Investigation

Dismissals	0
Resignations and Retirements	0
Suspensions	0
Reprimands	0

Table 15: FY 2023 Program Actions Taken During the Reporting Period as Result of OIG Action

Present Responsibility Referrals to the Agency	16
Pending at the Agency as of September 30, 2023	5
Suspension Issued by the Agency	59
Proposed Debarments Issued by the Agency	59
Final Debarments Issued by the Agency	11
Proposed Debarments Declined by the Agency	0
Administrative Agreements Entered by the Agency in Lieu of Debarment	1
Present Responsibility Actions by Other Agencies	0

**Table 16: FY 2023 Agency Legislative and Regulatory Proposals
Reviewed**

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	136
Comment Memoranda Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	15

Reports Issued in FY 2023

Table 17: 2023 Top Management Challenges

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
Top Management and Performance Challenges Facing the SBA in FY 2023	23-01	10/14/2022	0	0
Program Subtotal	1	—	0	0

Table 8: 2023 Agency Management

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
Independent Auditors' Report on SBA's FY 2022 Financial Statements	23-02	11/15/2022	0	0
FY 2022 FISMA Review	23-03	12/13/2022	0	0
SBA's Controls Over Cash Contribution and Gifts FY 2022	23-04	12/19/2022	0	0
00SBA's Controls Over Cash Contributions and Gifts, FYs 2023 and 2022	23-06	4/27/2023	0	0
Independent Auditors' Report on SBA's FY 2022 Compliance with the PII Act of 2019	23-07	5/15/2023	0	0
Program Subtotal	5	—	—	—

Table 9: 2023 Credit/Capital Programs

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
White Paper: 7(a) Loan Program During SBA's Response to the COVID-19 Pandemic	23-05	3/21/2023	0	0
Serious Concerns Regarding the Return of PPP Funds	23-08	5/31/2023	0	0
COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape	23-09	6/27/2023	0	0
SBA's Reporting of Loan Data to a Commercial Credit Reporting Agency	23-13	9/21/2023	0	0
SBA's Corrective Actions to Improve Controls Over 7(a) Loans Sold on the Secondary Market	23-14	9/27/2023	0	0
Program Subtotal	5	—	0	0

Table 10: 2023 Contracting/Counseling Programs

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
SBA's Administrative Process to Address Potentially Fraudulent RRF Awards	23-10	7/5/2023	\$278,570,834	0
SBA's Awards for Staffing Support for COVID-19 Economic Relief Loan Programs	23-11	7/26/2023	\$5,010,382	0
SBA's Corrective Actions to Improve Oversight of the SCORE Association	23-12	9/21/2023	0	0
SBA's Oversight of Restaurant Revitalization Fund Recipients	23-15	9/29/2023	\$3,528,709,751	0
Program Subtotal	4	—	\$3,812,290,967	0

Table 11: 2023 Disaster Assistance

Title	Report Number	Issue Date	Questioned Costs (dollars)	Funds for Better Use (dollars)
Ending Active Collections on Delinquent COVID-19 Economic Injury Disaster Loans	23-16	9/29/2023	0	0
Program Subtotal	1	—	0	0

Reporting Requirements Under the Inspector General Reform Act of 2008

The following information is provided in accordance with the Inspector General Reform Act of 2008, as amended (P.L. 110-409).

Table 24: FY 2025 Budget Request

Budget Authorizations	FY 2023 Actual (dollars in millions)	FY 2024 Annualized CR Request (dollars in millions)	FY 2025 Request (dollars in millions)	FY 2025 Increase/ Decrease (dollars in millions)
Base Budget	\$32.020	\$32.020	\$47.020	\$15.000
Transfer from Disaster Loan Program Account	\$1.600	\$1.600	\$3.706	\$2.106
Transfer from Disaster Loan Program Account (COVID-19 EIDL Program Oversight)	\$0	\$0	\$16.674	\$16.674
Total	\$33.620	\$33.620	\$67.400	\$33.780

The request includes over \$1 million for training, which is sufficient to satisfy all training needs for the fiscal year. With enhanced telework and remote work options, OIG is committing to providing an annual all-hands training conference to provide strategic direction and training to its workforce. This training conference was previously held on a biennial basis.

Within this request, approximately \$270,000 will cover OIG’s funding support for the Council of the Inspectors General on Integrity and Efficiency (CIGIE), in accordance with § 6(g) of the Inspector General Act of 1978, as amended, 5 U.S.C. This contribution is .4 percent of OIG’s FY 2024 designated funding level based on a total budget request of \$67.400 million, including the CIGIE amount.

OIG Organizational Structure

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

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

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

The Investigations Division manages a program to detect and deter illegal and improper activities involving SBA's programs, operations, and personnel. The criminal investigations staff carries out a full range of traditional law enforcement functions. Within the division, the Hotline reviews allegations of waste, fraud, abuse, and severe mismanagement within SBA or its programs made by employees, contractors, and the public. A preliminary review of all complaints is conducted to determine the appropriate course of action. As part of the review process, Hotline staff may coordinate reviews of allegations within OIG, SBA program offices, or other government agencies.

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

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

OIG's headquarters is in Washington, D.C. Our field offices are divided into three regions within the United States: Eastern Regional Office (ERO), Central Regional Office (CRO), and Western Regional Office (WRO). ERO has field offices in Atlanta, Georgia; Boston, Massachusetts; Herndon, Virginia; Miami, Florida; New York, New York; Melville, New York; Philadelphia, Pennsylvania; Miami, FL; Tampa, Florida; and

Washington, D.C. ERO also cover Puerto Rico and U.S. Virgin Islands. CRO has field offices in Dallas-Fort Worth, Texas; Houston, Texas; Columbus, Ohio; Detroit, Michigan; Chicago, Illinois; and Kansas City, Missouri. WRO has field offices in Los Angeles, California; Sacramento, California; San Francisco, California; Seattle, Washington; and Denver, Colorado. WRO also covers Guam, American Samoa, Hawaii, and Saipan.

An organizational chart for OIG is provided below.

U.S. Small Business Administration

Office of Inspector General

