U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

Report No. 13-02

Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration In Fiscal Year 2013

October 15, 2012

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20416

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MEMORANDUM

TO: Karen G. Mills
Administrator

FROM: Peggy E. Gustafson /s/
Inspector General

SUBJECT: Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2013

In accordance with the Reports Consolidation Act of 2000, we are providing you with the Office of Inspector General's (OIG) Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration (SBA) in Fiscal Year (FY) 2013. This report represents our current assessment of Agency programs and/or activities that pose significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The Challenges are not presented in order of priority, as we believe that all are critical management or performance issues.

Our report is based on specific OIG, Government Accountability Office (GAO), and other official reports, as well as our general knowledge of SBA's programs and operations. Our analysis generally considers those accomplishments that the SBA reported as of September 30, 2012.

Within each Management Challenge, there are a series of "recommended actions" to resolve the Challenge. Each recommended action is assigned a color "status" score. The scores are as follows: Green for "Implemented," Yellow for "Substantial Progress," Orange for "Limited Progress," and Red for "No Progress." An arrow in the color box indicates that the color score went up or down from the prior year. If a recommended action was added since last year's report, no color score has been assigned and the recommended action has been designated as "New."

As part of the OIG's continuing evaluation of the Management Challenges, certain Challenges have been updated or revised. In addition, actions that were scored Green last year, which remained Green this year, have been moved up to the "history bar" above the recommended actions. The history bar highlights any progress that the Agency has made on a Challenge over the past four fiscal years (or as long as the Challenge has existed, if shorter) by showing the number of actions that have moved to Green each year.

The following table provides a summary of the Most Serious Management and Performance Challenges Facing the SBA in FY 2013.

Table 1 Summary of the Most Serious Management and Performance Challenges Facing the SBA in FY 2013

		Color Scores					
		Status at End of FY 2012				Change from Prior Year	
	Challenge	Green	Yellow	Orange		Up ↑	Down ↓
1	Small Business Contracting	1		2		1	
2	IT Security		3	2			
3	Human Capital		1	3		1	
4	Loan Guaranty Purchase		1				
5	Lender Oversight	1	1	1		1	
6	8(a) Business Development Program		1	1	1		
7	Loan Agent Fraud	1	1			1	
8	Loan Management and Accounting System		1		3	1	3
9	Improper Payments – 7(a) program		2	2		1	
10	Improper Payments – Disaster Loan program		1				
11	Acquisition Management (NEW)						
	TOTAL	**3**	**12**	**11**	**4**	**6**	**3**

We would like to thank the SBA's management and staff for their cooperation in providing us with information needed to prepare this report. We look forward to continuing to work with the SBA's leadership team in addressing the Agency's Management Challenges.

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Challenge 1. Procurement flaws allow large firms to obtain small business awards and agencies to count contracts performed by large firms towards their small business goals.

The Small Business Act established a government-wide goal that 23 percent of the total value of all prime contract awards for each fiscal year (FY) be to small businesses. As the advocate for small business, the SBA should strive to ensure that only small firms obtain and perform small business awards. Further, the SBA should ensure that procuring agencies accurately report contracts awarded to small businesses when representing its progress in meeting small business contracting goals.

Previous OIG audits and other governmental studies have shown widespread misreporting by procuring agencies since many contract awards that were reported as having gone to small firms have actually been performed by larger companies. While some contractors may misrepresent or erroneously calculate their size, most of the incorrect reporting results from errors made by government contracting personnel, including misapplication of small business contracting rules. In addition, contracting officers do not always review the on-line certifications that contractors enter into a governmental database prior to awarding contracts. The SBA needs to ensure that contracting personnel are adequately trained on small business procurement and are reviewing this database prior to awarding contracts.

The SBA also needs to address a loophole within General Services Administration (GSA) Multiple Awards Schedule (MAS) contracts, which contain multiple industrial codes. Currently, a company awarded such a contract can identify itself as small on individual task orders awarded under that contract even though it does not meet the size criteria for the applicable task. Thus, agencies may obtain small business credit for using a firm classified as small, when the firm is not small for specific orders under the MAS contract.

The SBA made limited progress on this challenge. In FY 2012, the SBA progressed to a "Green" rating to provide reasonable assurance that agencies are providing small business contracting training to acquisition personnel. As part of the training requirements for Level I, II, and III contracting officer certifications, course curricula includes training on aspects of small business programs. The SBA also introduced a revised checklist for conducting surveillance reviews, and submitted for clearance a revised Standard Operating Procedure (SOP) to ensure consistency in conducting its surveillance reviews. The SBA also obtained comments on a proposed rule that would provide a contracting officer multiple options for assigning codes on a multiple award contract and is currently drafting a final rule for assigning industrial codes on multiple award contracts.

Challenge History **Fiscal Year (FY) Issued: 2005**	**Actions Accomplished (Green Status) during Past 4 FYs**			
	08-1	**09-0**	**10-0**	**11-1**
Recommended Actions for FY 2013				**Status at end of FY 2012**
1. Develop and take steps to provide reasonable assurance that agencies are providing adequate basic and continuing education training to contracting personnel on small business contracting procedures.				**Green ↑**
2. Revise the surveillance review process to ensure that they are conducted in a thorough and consistent manner				**Orange**
3. Issue regulations that require firms to meet the size standard for each specific order they receive under a GSA schedule and Government-wide Acquisition Contract (GWAC) and show that the regulations are being followed. *(Previously action 3)*				**Orange**

Green-Implemented **Yellow**-Substantial Progress **Orange**-Limited Progress **Red**-No Progress

Challenge 2. Weaknesses in information systems security controls pose significant risks to the Agency.

The confidentiality, integrity, and availability of SBA's information systems are vital to the continued successful operation of the Agency. While information technology (IT) can result in a number of benefits, such as information being processed more quickly and communicated almost instantaneously, it can also increase the risk of fraud, inappropriate disclosure of sensitive data, and disruption of critical operations and services. The SBA's computer security program operates in a dynamic and highly decentralized environment, and requires management's attention and resources as weaknesses are identified.

The SBA improved in information system security in some critical areas during FY 2012. For example, the Chief Information Security Officer instituted a review of all Plan of Action and Milestones (POA&M) for SBA IT systems and began the acquisition of an application to manage SBA's IT systems. Vulnerability Assessment Team procedures were implemented to timely identify, prioritize and remediate critical issues.

To show further progress, the SBA needs to address both known and newly reported information security issues. For example, the SBA needs to demonstrate a process that accomplishes timely mitigation of system risks that are identified as "medium" and "high;" enforce an enterprise-wide configuration management process; and ensure segregation of duties controls are in place and operating for all of its systems. The SBA has improved in some areas; however, fieldwork for the FY 2012 Financial Statement Audit has identified new weaknesses and findings and is anticipated for the FY 2012 Federal Information Security Management Act (FISMA) review.

Challenge History **Fiscal Year (FY) Issued: 1999**	**Actions Accomplished (Green Status) during Past 4 FYs**			
	08-2	**09-0**	**10-0**	**11-0**
Recommended Actions for FY 2013				**Status at end of FY 2012**
1. Access controls are in place and operating effectively, and contractors are not granted system access until they have obtained the required background investigations and/or security clearances.				**Yellow**
2. System software controls are in place and operating effectively.				**Orange**
3. Segregation of duty controls are in place and operating effectively.				**Orange**
4. The POA&M accurately reports all computer security weaknesses and corrective actions.				**Yellow**
5. The IT security management program is effective to address information security in systems that support the operations and assets of the organization.				**Yellow**

Green-Implemented **Yellow**-Substantial Progress **Orange**-Limited Progress **Red**-No Progress

Challenge 3. Effective human capital strategies are needed to enable the SBA to carry out its mission successfully and become a high-performing organization.

The SBA has experienced downsizing, high turnover, reorganizations, and realignments over the last several years. In FY 2010, the SBA experienced significant turnover in the Office of Human Capital Management (OHCM) which seriously impacted the level and scope of services provided to the Agency. In October 2011, the U.S. Office of Personnel Management (OPM) completed a review that identified weaknesses in the SBA's human capital policies and practices that highlight the serious human capital challenges facing the Agency. In late FY 2011, OHCM restructured and the Office of Human Resources Solutions (OHRS) was established. During FY 2012, as part of its effort to restructure and address these issues, the SBA issued its Strategic Human Capital Plan (SHCP) for FYs 2013 – 2016 that reflects a partnership between Program Offices and Human Resources. The SHCP is designed to support the goals identified in the SBA's Strategic Plan, which is aimed at aligning human capital programs with the Agency's mission, goals, and objectives. Further, the SHCP incorporates the OIG's recommended actions from the Management Challenges report with timeframes for implementation.

The SBA demonstrated progress in FY 2012, by aligning current staff according to their competencies, verifying current full-time equivalent (FTE) allocations for programs and offices, and establishing new FTE ceilings based on workload analysis protocol between OHRS and Program Offices. The SBA also completed an impact study of retirement projections, and continued efforts toward recruiting, hiring, and retaining people with critical skills. OHRS has been proactive in making needed improvements; however, continued progress is needed to complete the OIG's recommended actions.

The results of Federal Human Capital Surveys—now called the Employee Viewpoint Survey (EVS)—also have highlighted SBA's serious human capital challenges. The SBA has consistently ranked near the bottom on all four human capital indices—Leadership and Knowledge Management, Results-Oriented Performance Culture, Talent Management, and Job Satisfaction. While the Agency showed some improvement in the 2011 EVS, it still fell below the government-wide average on these indices. In addition, the SBA was ranked 28th out of 33 large agencies in the Partnership for Public Service's 2011 "Best Places to Work" rankings. The 2012 EVS scores and ranking were not available in time for this report.

Challenge History Fiscal Year (FY) Issued: 2001 (Revised 2007)	**Actions Accomplished (Green Status) during Past 4 FYs**			
	08-0	**09-0**	**10-0**	**11-0**
Recommended Actions for FY 2013				**Status at end Of FY 2012**
1. Ensure the Agency has an effective, comprehensive workforce and succession plan that align talent needs and capabilities with SBA's FY 2011-2016 Strategic Plan. The SBA's workforce and succession planning goals should reflect the need to recruit and retain the appropriate talent, and should establish appropriate metrics to gauge SBA's success at having the right people, in the right jobs, at the right time.				**Orange ↑**
2 . Ensure the Office of Human Capital Management (OHCM) is structured and equipped so as to add value by delivering needed strategic support and services such as continuity planning, talent management, organizational development, and strategic consulting to implement the Agency's human capital plan and its mission.				**Orange**
3. Ensure that Human Capital Management Standard Operating Procedures (SOPs) are updated and appropriately structured to support the Agency's long-term goals and objectives and government-wide Human Capital Management initiatives.				**Orange**
4. Take steps to correct problems identified in the 2010 EVS. Demonstrate improvement by increasing overall scores/Agency rankings in the 2011 EVS.				**Yellow**

Green-Implemented **Yellow**-Substantial Progress **Orange**-Limited Progress **Red**-No Progress

Challenge 4. The SBA needs to implement a quality control program in its loan centers.

The initial focus of this challenge was on improving deficiencies identified in the SBA's loan liquidation and guaranty purchase processes. Over the last decade, the Agency has made significant progress to improve these processes at its loan centers, but a significant deficiency continues to exist in the area of quality control.

The Office of Financial Program Operations (OFPO) has made significant progress in developing a Quality Control (QC) program for all of its loan centers to verify and document compliance with the loan process. The QC program will assess the loan process from origination to close-out to identify where material deficiencies may exist so that remedial action can be taken. A project guide for the QC program has been developed and agreed upon by relevant parties within the Office of Capital Access. The QC program will assess the overall quality of the centers' deliverables to provide confidence to its stakeholders. The SBA hired a QC manager to oversee the development of the program and established QC specialist positions for each center. Furthermore, the SBA (1) developed and documented Quality Program Manuals for each center, (2) updated checklists for each critical center function and, (3) refined feedback, training, and reporting processes.

While the SBA has made substantial progress in its development of a quality control program, additional work remains before the SBA can demonstrate that all elements of the QC program are being completed and that the program is effective at identifying and correcting material deficiencies. For example, an ongoing audit of the SBA's FY 2011 improper payment rate in the 7(a) loan guaranty purchase program found that improper payment reviews led by the QC teams did not detect a high number of material improper payments. Additionally, the audit determined that some QC specialists responsible for reviewing the loans were either unfamiliar with or misinterpreted Agency policies, and applied internal guidance that conflicted with Agency policies and procedures. In order to demonstrate that the QC program has been fully implemented, the SBA will need to provide the results of QC reviews and other evidence to demonstrate that the reviews are effective at identifying and correcting material deficiencies.

Challenge History **Fiscal Year (FY) Issued: 2007**	**Actions Accomplished (Green Status) during Past 4 FYs**			
	08-2	**09-0**	**10-1**	**11-0**
Remaining Recommended Actions for FY 2013				**Status at end of FY 2012**
1. Implement a Quality Assurance Program for all SBA loan centers.				**Yellow**

Green-Implemented **Yellow**-Substantial progress **Orange**-Limited Progress **Red**-No progress

Challenge 5. The SBA needs to further strengthen its oversight of lending participants.

Since its inception in 1953, the SBA has loaned or guaranteed billions of dollars to finance and spur investment in small businesses. In FY 2011, approximately 51 percent of loan dollars guaranteed by the SBA were made using delegated authorities with limited oversight. Prior Office of Inspector General (OIG) and Government Accountability Office reports disclosed weaknesses in the SBA's oversight of its lending participants. In a September 2012 audit report, the OIG found that during its onsite reviews, the SBA did not always recognize the significance of lender weaknesses and determine the risks they posed to the Agency. Additionally, the SBA did not link the risks associated with the weaknesses to the lenders' corresponding risk ratings and assessments of operations. Further, the SBA did not require lenders to correct performance problems that could have exposed the Agency to unacceptable levels of financial risk. The risks inherent in delegated lending require an effective oversight program to (1) monitor compliance with SBA policies and procedures, and (2) take corrective actions when a material non-compliance is detected.

Since this management challenge was created in 2001, the SBA has made significant progress in its oversight of lending participants. In FY 2012, the SBA expanded its review selection criteria to include portfolio size, risk ratings, high growth, credit quality of new loans, and projected purchased rate of existing portfolio. Furthermore, the SBA drafted a new composite risk measurement protocol to assess lender performance, asset and liability management, compliance with program requirements, risk mitigation, and other factors. In FY 2012, the SBA also fully implemented guidance for effective supervision and enforcement by taking one enforcement action and several supervisory actions, while also preparing for others.

Although the Agency has made progress, it needs to demonstrate that onsite reviews are conducted on the highest risk lending participants, which are selected for review based on its expanded selection criteria. The SBA also needs to demonstrate that it tailors onsite reviews to determine the root cause of the risks in a participant's portfolio. Furthermore, the Agency needs to ensure that corrective actions are required for material non-compliances and monitored for implementation and effective resolution.

Challenge History **Fiscal Year (FY) Issued: 2001**	**Actions Accomplished (Green Status) during Past 4 FYs**			
	08-7(a)-2 **08-504-2**	**09-7(a)-0** **09-504-0**	**10-7(a)-0** **10-504-0**	**11-7(a)-0** **11-504-0**

Recommended Actions for FY 2013	**Status at end of FY 2012**	
	7(a)	**504**
1. Expand the scope of lender oversight and improve the process for reviewing lenders and Certified Development Companies.	**Yellow**	**Yellow**
2. Implement guidance providing for effective supervision and enforcement.	**Green ↑**	**Green ↑**
3. Monitor and verify implementation of corrective actions to ensure effective resolution prior to close-out.	**Orange**	**Orange**

Green-Implemented **Yellow**-Substantial Progress **Orange**-Limited Progress **Red**-No Progress

Challenge 6. The Section 8(a) Business Development program needs to be modified so more firms receive business development assistance, standards for determining economic disadvantage are justifiable, and the SBA ensures that firms follow 8(a) regulations when completing contracts.

The SBA's 8(a) Business Development (BD) program was created to assist eligible small disadvantaged business concerns compete in the American economy through business development. Previously, the Agency did not place adequate emphasis on business development to enhance the ability of 8(a) firms to compete, and did not adequately ensure that only 8(a) firms with economically disadvantaged owners in need of business development remained in the program. Companies that were "business successes" were allowed to remain in the program and continue to receive 8(a) contracts, causing fewer companies to receive most of the 8(a) contract dollars and many to receive none.

The SBA had made progress towards addressing issues that hinder the Agency's ability to deliver an effective 8(a) program. For example, the SBA took a positive step by revising its regulations in March 2011 to ensure that companies that are "business successes" are graduated out of the program, and by working to update its SOP for the BD program to reflect these regulatory changes. These revised regulations also establish additional standards to address the definition of "economic disadvantage," however; the Agency has not provided an economic analysis to justify these standards. In December 2011, the SBA awarded a contract to develop and deploy a new system by December 2012 to assist SBA employees in monitoring 8(a) program participants. However, the SBA has delayed deployment of the new system until January 2013.

Challenge History **Fiscal Year (FY) Issued: 2003**	**Actions Accomplished (Green Status) during Past 4 FYs**			
	08-1	**09-1**	**10-0**	**11-0**
Recommended Actions for FY 2013				**Status at end of FY 2012**
1. Develop and implement a plan, including SOP provisions, which ensures that the 8(a) BD program identifies and addresses the business development needs of program participants on an individualized basis.				**Orange**
2. Develop and implement Regulations and SOP provisions to ensure that participants are graduated once they reach the levels defined as business success.				**Yellow**
3. Establish objective and reasonable criteria that effectively measures "economic disadvantage" and implement the new criteria.				**Red**

Green-Implemented **Yellow**-Substantial Progress **Orange**-Limited Progress **Red**-No Progress

Challenge 7. Effective tracking and enforcement would reduce financial losses from loan agent fraud.

For years, OIG investigations have revealed a pattern of fraud by loan packagers and other for-fee agents in the 7(a) loan guaranty program. These schemes have involved hundreds of millions of dollars, yet SBA's oversight of loan agents has been limited, putting taxpayer dollars at risk. The Agency could reduce this risk by establishing effective loan agent disclosure requirements, a database or equivalent means to track loan agent involvement with its loans, and a more effective agent enforcement program.

Tracking Loan Agent Data. Over the years, in response to this Management Challenge, the SBA has proposed various methods of tracking loan agent activity. After attempting and then rejecting various initiatives during Fiscal Years (FYs) 2007 through 2009, during FY 2010, the SBA advised that it would capture the data by having lenders fax the Form 159 (Fee Disclosure Form and Compensation Agreement for Agency Services) to the SBA's Fiscal and Transfer Agent (FTA). At the end of FY 2010, the SBA issued a Notice with instructions on how lenders were to submit this data. During FY 2011, the Agency provided additional guidance to lenders on how to submit Form 159 data (including loan identification numbers) to the FTA, and updated loan review guidance so that the Office of Credit Risk Management (OCRM) could identify loan agent-related problems. The SBA also issued the loan agent data collection requirement as permanent guidance in SOP 50 10 effective October 1, 2011. During FY 2012, the Agency made additional progress by beginning to link Form 159 information with its loan data. Although the SBA continues to experience problems with data completeness and categorization, data quality is steadily improving. Moreover, the SBA is considering implementing a registration system that would assign identifying numbers to registered loan agents, thus enhancing its tracking capability.

Loan Agent Enforcement Procedures. In FY 2007, the Agency made progress by issuing SOP 51 00 that contained procedures for reviewing loan agent information during onsite reviews and examinations and by revising the guaranty purchase checklist (which lists the records that lenders need to provide when requesting the SBA to pay a guaranty) to include the submission of the Form 159. However, the Agency also needed to establish a more effective enforcement program to deter fraudulent loan agent activity. Effective October 1, 2010, the SBA issued the Lender Supervision and Enforcement SOP 50 53 with provisions for enforcement actions against loan agents and a delegation of authority to undertake these actions to the Director of OCRM. A revised version of that SOP with improved procedures went into effect on June 1, 2012. At the end of FY 2012, the Agency updated its website to notify lenders of those loan agents that had been the subject of enforcement actions.

Challenge History **Fiscal Year (FY) Issued: 2000**	**Actions Accomplished (Green Status) during Past 4 FYs**			
	08-1	**09-0**	**10-0**	**11-0**
Recommended Actions for FY 2013				**Status at end of FY 2012**
1. Develop an effective method of disclosing and tracking loan agent involvement in SBA business loan programs.				**Yellow**
2. Implement procedures for enforcement actions against loan agents for improper and fraudulent conduct.				**Green ↑**

Green-Implemented **Yellow**-Substantial Progress **Orange**-Limited Progress **Red**-No Progress

Challenge 8. SBA needs to modernize its Loan Accounting System and migrate it off the mainframe.

In November 2005, the SBA initiated the Loan Management and Accounting System (LMAS) project to update the Agency's Loan Accounting System, and migrate it off of the mainframe. An OIG report in 2005 noted that the system was close to the end of its expected useful life, relied on obsolete technology, contained major security vulnerabilities that could not be addressed until the system was moved to a new operating platform, and was costly to operate.

In 2010, the Office of Management and Budget (OMB) issued Memorandum 10-26, recommending that Federal agencies split large-scale modernization efforts into smaller, simpler segments with clear deliverables. In response, the SBA changed its strategy for LMAS— going forward— to accelerate the migration of user interfaces from the mainframe legacy platform to the Agency's current architecture, and convert batch COBOL systems from the mainframe to a more current and platform-independent environment. This strategy separated LMAS into seven Incremental Improvement Projects (IIP). In addition, the SBA created a new Standard Operating Procedure (SOP) to provide guidance for its IT Quality Assurance (QA) program. However, to show further progress, the SBA needs to implement its QA/Independent Verification and Validation (IV&V process that encompasses all of the requirements of its enterprise SDM, and provides sufficient evidence that all LMAS work products undergo IV&V activities in accordance with the Agency's Enterprise Quality Assurance Plan.

Previous OIG and GAO reports on the LMAS identified concerns about SBA's management of the project and the project's noncompliance with the Agency's System Development Methodology (SDM) in key areas, which impacted SBA's ability to control project costs and quality; and the lack of an enterprise-wide or project-level Quality Assurance (QA) functions to ensure that LMAS deliverables met SBA's requirements and quality standards.

In 2012, the SBA upgraded its Oracle accounting software, and implemented a number of web-based user interface screens to initiate migration from the mainframe and is currently migrating its mainframe COBOL computer code to a more modern platform. Also, in 2012, the SBA did not deploy an independent QA and IV&V entity to ensure that LMAS deliverables meet SBA requirements and quality standards. These needs were identified in previous OIG and GAO LMAS audit reports.

Challenge History **Fiscal Year (FY) Issued: 2010**	**Actions Accomplished (Green Status) during Past 4 FYs**			
	N/A	**N/A**	**10-0**	**11-**
Recommended Actions for FY 2013				**Status at end of**
1. Migrate LAS to a new operating platform before the current mainframe contract expires in 2013.				**Yellow↑**
2. Modify the LMAS QA/IV&V contract and establish an effective Quality Assurance (QA) process which provides senior management independent assurance that LMAS development activities and related project deliverables meet SBA Quality standards.				**Red ↓**
3. Establish a process for reviewing and accepting LMAS deliverables that complies with Quality Assurance and Systems Development Methodology requirements. This includes hiring or fully staffing an IV&V entity to validate deliverable acceptance.				**Red ↓**
4. Implement a Quality Assurance process in LMAS in accordance with SBA's Enterprise Quality Assurance Plan.				**Red ↓**

Green-Implemented Yellow-Substantial Progress **Orange**-Limited Progress **Red**-No Progress

Challenge 9. The SBA needs to accurately report, significantly reduce, and strengthen efforts to recover improper payments in the 7(a) loan program.

Previous OIG audits have determined that the SBA's reported improper payment rates for 7(a) loan approvals and purchases were significantly understated. In FY 2011, the SBA reported no improper payments for 7(a) loan approvals. However, a recent OIG audit estimated that at least 1,196 7(a) Recovery Act loans were not originated and closed in compliance with SBA requirements. This resulted in at least $869.5 million in inappropriate or unsupported loan approvals. Furthermore, in FY 2011, the SBA reported that the improper payment rate for 7(a) purchases was 1.73-percent, or $40.7 million, when the rate could have been as high as 20-percent, or about $472 million. The SBA's improper payment rates were understated because the Agency did not adequately review sampled loans, used flawed sampling methodologies, and did not accurately project review findings for both programs. The SBA also has not aggressively pursued recovery of 7(a) improper payments.

Earlier OIG audits identified 7(a) loans that were not properly closed, or were made to borrowers who were ineligible or who lacked repayment ability. In 2012, we reported that the limited reviews of lender underwriting performed at guaranty purchase on early defaulted loans were not consistent with statutory and regulatory authority and were contrary to SBA procedures, resulting in improper payments. We also reported that high-dollar early-defaulted loans were not reviewed with the scrutiny required to identify improper payments at guaranty purchase.

The Office of Capital Access (OCA) has taken actions to correct many of the deficiencies identified by the OIG. The OCA has (1) acquired a statistician and revised its improper payment sampling methodology; (2) improved and formalized its improper payment review process for 7(a) loan approvals and 7(a) loan purchases; and (3) revised and formalized its process to review disputed denial, repair, and improper payment decisions. The OCA has also improved the scrutiny applied to high-dollar early-defaulted loans by requiring every loan to receive a quality control review prior to purchase. However, additional actions are needed to accurately report, significantly reduce, and recover improper payments. The OCA needs to incorporate the improper payment recovery process into formal policy. Additionally, the OCA needs to establish repayment ability review requirements to be applied at guaranty purchase, develop a corrective action plan for 7(a) loan approvals, and demonstrate that its corrective action plan for 7(a) loan purchases is effective in reducing improper payments.

Challenge History	**Actions Accomplished (Green Status) during Past 4 FYs**			
Fiscal Year (FY) Issued: 2010	**N/A**	**N/A**	**N/A**	**11-0**

Recommended Actions for FY 2013	**Status at end of FY 2012**	
	7(a) Approvals	**7(a) Purchases**
1. Ensure that processes used to calculate the improper payment rates for 7(a) loan approvals and purchases are designed and implemented to effectively identify improper payments as defined by Office of Management and Budget (OMB) Circular A-123.	**Yellow ↑**	**Yellow ↑**
2. Reassign responsibility for final approval of disputed denial, repair, and improper payment decisions from the Office of Financial Assistance (OFA) to the Office of Credit Risk Management (OCRM) to ensure an adequate and timely resolution of disputes.	**N/A**	**Yellow**
3. Establish a process and time standards to expeditiously recover improper payments identified during Agency reviews and OIG audits.	**N/A**	**Orange**
4. Demonstrate that corrective action plans are effective in reducing improper payments in the 7(a) loan program.	**Orange**	**Orange**

Green Implemented **Yellow**-Substantial Progress **Orange** -Limited Progress **Red**-No Progress

Challenge 10. The SBA Needs to Significantly Reduce Improper Payments in the Disaster Loan Program.

Previous OIG audits of the SBA's Disaster Loan program determined that the improper payment rates reported for this program were significantly understated. The SBA estimated that improper payments in the Disaster Loan program were about $4.5 million, or 0.55 percent of loans approved in FY 2007, while the OIG reported that it was at least 46 percent, or approximately $1.5 billion. The SBA's improper payment rates were understated because the Agency did not adequately review sampled loans, used flawed sampling methodologies, and did not accurately project review findings for the program.

Previously, management challenge 9,"SBA needs to accurately report, significantly reduce, and strengthen efforts to recover improper payments in the Disaster and 7(a) loan programs," included both the Disaster Loan program and 7(a) program. There were three recommended actions applicable to the Disaster Assistance Program. Of the three recommended actions, one was implemented during FY 2010 and the two remaining actions were implemented during FY 2011. One recommended action was to develop and implement a corrective action plan to reduce improper payments. Although the Office of Disaster Assistance (ODA) implemented the recommended action, the Agency has not achieved its reduction targets since implementation. Specifically, the Agency missed its target goals of 16.7 percent for FY 2010 and 20.0 percent for FY 2011, instead reporting rates of 34.2 and 28.4 percent, respectively. The target goals in the FY 2011 Agency Financial Report are 20 percent for FY 2012, 17 percent for FY 2013, and 15 percent for FY 2014.

At the end of FY 2011, a new recommended action was added requiring the SBA to demonstrate that the corrective action plan is effective in reducing improper payments in the Disaster Assistance Program.

The Agency has implemented an improved corrective action plan that specifically addresses root causes and provides specific remedies, such as targeted training and inclusion of improper payments in personal business commitment plans for employees. If properly implemented, we believe this course of action should effectively reduce the rate in future years. The Agency's internal improper payment assessment for FY 2012 indicated a rate of 17.9 percent. This rate is lower than the 20 percent target necessary to achieve a rating of Yellow. Therefore, the color status for FY 2012 is Yellow.

Challenge History **Fiscal Year (FY) Issued: 2012**	**Actions Accomplished (Green Status) during Past 4 FYs**			
	N/A	**N/A**	**N/A**	**NEW**
Remaining Recommended Actions for FY 2013				**Status at end of FY 2012**
1. Demonstrate that corrective action plans are effective in reducing improper payments in the Disaster Loan program.				**Yellow**

Green Implemented Yellow-Substantial Progress **Orange** -Limited Progress **Red**-No Progress

Challenge 11: The SBA Needs to Effectively Manage the Acquisition Program

In October 2010, the SBA realigned its acquisition program to address several significant deficiencies that included high staff turnover; compliance with laws and regulations; application of funding principles; training and certification of key contracting personnel; contractor oversight, and measuring performance through validated metrics. Since realignment, the SBA has provided training to, and increased the number of, acquisition staff. Our recent audit work and familiarity with SBA's current acquisition activities indicate that while improvements are in process, continuing challenges exist, including (1) poorly defined requirements, (2) internal control deficiencies, (3) improper funding of contracts, (4) inadequate oversight, and (5) outdated and incomplete SOPs related to acquisition.

For example, the SBA inadequately defined its requirements in its acquisition plan for the procurement of information systems and IT hardware and software. In addition, the SBA's contract management system PRISM does not fully interface with the Agency's current financial system JAAMS, exposing an internal control deficiency. The SBA improperly funded contracts by violating the bona fide needs rule for procuring IT hardware and software as well as reported an improper payments rate. Likewise, the SBA inadequately monitored contracts to ensure products and services were delivered in accordance with contract requirements. Furthermore, the SBA's acquisition SOP is outdated; however, the SBA's management plans to hire a contractor to update its SOP. Finally, the SBA has not conducted an internal control review of its acquisition functions consistent with the OMB requirements prior to this year, but is currently in the process of completing its assessment. Whether this assessment will fully address the four key acquisition management areas identified in OMB's *Assessment Guidelines for Assessing the Acquisition Function* will have to be determined.

Agency managers are required by OMB Circular A-123, *Managements Responsibility for Internal Control* to continuously monitor and improve the effectiveness of agency internal controls. However, the problems discussed above indicate continuing systemic acquisition management issues for the SBA. Therefore, the SBA still needs to better prepare its acquisition workforce for proper procurement planning, monitoring of contractor performance, and conducting effective contract administration.

Challenge History	**Actions Accomplished (Green Status) during Past 4 FYs**			
Fiscal Year (FY) Issued: 2013	**N/A**	**N/A**	**N/A**	**NEW**
Recommended Actions for FY 2013				**Status at end of FY 2012**
1. Complete an assessment of the Agency's acquisition activities using the OMB's *Guidelines for Assessing the Acquisition Function*.				**New**
2. Create and implement a comprehensive improvement plan — based on the results of the acquisition function assessment — that has measurable goals, objectives, prioritized actions and timeframes to address deficiencies identified in the organizational alignment and leadership assessment area.				**New**
3. Create and implement a comprehensive improvement plan — based on the results of the acquisition function assessment — that has measurable goals, objectives, prioritized actions and timeframes to address deficiencies identified in the acquisition policies and processes assessment area (i.e. acquisition management SOP).				**New**
4. Create and implement a comprehensive improvement plan — based on the results of the acquisition function assessment — that has measurable goals, objectives, prioritized actions and timeframes to address deficiencies identified in the acquisition workforce assessment area.				**New**
5. Create and implement a comprehensive improvement plan — based on the results of the acquisition function assessment — that has measurable goals, objectives, prioritized actions and timeframes to address deficiencies identified in the knowledge management and information systems assessment area.				**New**

Green-Implemented **Yellow**-Substantial progress **Orange**-Limited Progress **Red**-No progress

Appendix: Relevant Reports

Most of the SBA OIG Reports listed can be found at http://www.sba.gov/office-of-inspector-general.

Challenge 1:

- SBA OIG, *SBA's Planning and Award of the Customer Relationship Management Contracts*, ROM 10-16, June 29, 2010.
- Interagency Task Force on Federal Contracting Opportunities for Small Businesses Report, September 2010.
- SBA Advocacy, *Analysis of Type of Business Coding for the Top 1,000 Contractors Receiving Small Business Awards in FY 2002*, December, 2004.
- The Center for Public Integrity, *The Big Business of Small Business: Top defense contracting companies reap the benefits meant for small businesses*, September 29, 2004.
- The Center for Public Integrity, *The Pentagon's $200 Million Shingle: Defense data shows billions in mistakes and mislabeled contracts*, September 29, 2004.
- SBA OIG, *Audit of SBA's Administration of the Procurement Activities of Asset Sale Due Diligence Contracts and Task Orders*, Report 4-16, March 17, 2004, pp. 8-9.
- GAO, *Contract Management: Reporting of Small Business Contract Awards Does Not Reflect Current Business Size*, GAO-03-704T. May 7, 2003.
- The Small Business Committee, U.S. House of Representatives Hearing, *Are Big Businesses Being Awarded Contracts Intended for Small Businesses?* Testimony of Mr. Fred C. Armendáriz, Associate Deputy Administrator, SBA, May 7, 2003.
- The Small Business Committee, U.S. House of Representatives Hearing, *Are Big Businesses Being Awarded Contracts Intended for Small Businesses?* Testimony of Mr. Felipe Mendoza, Associate Administrator, Office of Small Business Utilization, U.S. General Services Administration, May 7, 2003.
- SBA OIG, *Review of Selected Small Business Procurements*, Report 5-16, March 8, 2005.
- SBA OIG, *SBA Small Business Procurement Awards Are Not Always Going to Small Businesses*, Report 5-14, February 24, 2005.

Challenge 2:

- SBA OIG, *Weaknesses Identified During the FY 2010 Federal Information Security Management Act Review*, Report 11-06, January, 28, 2011
- SBA OIG, *Audit of SBA's FY 2010 Financial Statements*, Report 11-03, November 12, 2010
- SBA OIG, *Audit of SBA's FY 2009 Financial Statements*, Report 10-04, November 13, 2009
- SBA OIG, *SBA's FY2008 Financial Statements*, Report 9-03, November 14, 2008
- SBA OIG, *Audit of SBA's Financial Statements for FY 2006*, Report 7-03, November 15, 2006
- SBA OIG, *Audit of SBA's Information System Controls for FY 2004*, Report 5-12, February 24, 2005

Challenge 3:

- OPM, *2011 Federal Employee Viewpoint Survey*
- Partnership for Public Service, *Best Places to Work in the Federal Government 2011*
- Partnership for Public Service, *Best Places to Work in the Federal Government 2010*
- OPM, 2010 Federal Employee Viewpoint Survey
- SBA OIG, *The Colorado District Office's Servicing of 8(A) Business Development Program Participants,* Report 10-15, September 30, 2010
- SBA OIG, *Adequacy of Procurement Staffing and Oversight of Contractors Supporting the Procurement Function*, ROM 10-13, April 9, 2010
- SBA OIG, *SBA's Administration of the Microloan Program under the Recovery Act*, ROM 10-10, December 28, 2009
- Partnership for Public Service, *Best Places to Work in the Federal Government 2009*
- OPM, *2008 Federal Human Capital Survey*

- GAO, *Agency Should Assess Resources Devoted to Contracting and Improve Several Processes in the 8(a) Program*, GAO-09-16, November 2008
- GAO, *Opportunities Exist to Build on Leadership's Efforts to Improve Agency Performance and Employee Morale*, GAO-08-995, September 2008
- SBA OIG, *Non-Native Managers Secured Millions of Dollars from 8(a) Firms Owned by Alaska Native Corporations through Unapproved Agreements that Jeopardize the Firms' Program Eligibility*, Report 8-14, August 7, 2008
- GAO, *Opportunities Exist to Improve Oversight of Women's Business Centers and Coordination Among SBA's Business Assistance Program*s, GAO-08-49, November 2007
- SBA OIG, *Audit of Two 8(a) Sole-Source Contracts Awarded to Contractors in SBA's Mentor Protégé Program*, Report 7-19, March 30, 2007
- SBA OIG, *Management Advisory Report on the Transfer of Operations to the National Guaranty Purchase Center*, Report 4-39, August 31, 2004
- GAO, *Small Business Administration: Progress Made, but Transformation Could Benefit from Practices Emphasizing Transparency and Communication*, GAO-04-76, October 2003
- GAO, *Results Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-699, July 2003
- GAO, *Small Business Administration: Workforce Transformation Plan is Evolving*, GAO-02-931T, July 16, 2002
- SBA OIG, *Modernizing Human Capital Management*, Report 2-20, May 31, 2002
- GAO, *Small Business Administration: Current Structure Presents Challenges for Service Delivery*, GAO-02-17, October 2001
- GAO, *Small Business Administration: Steps Taken to Better Manage its Human Capital, but More Needs to be Done*, GAO/T-GGD/AIMD-00-256, July 20, 2000
- SBA OIG, *A Framework for Considering the Centralization of SBA Functions*, November 1996

Challenge 4:

- SBA OIG, *A Detailed Repayment Ability Analysis is Needed on High-Dollar Early-Defaulted Loans to Prevent Future Improper Payments*, Report 12-18, August 16, 2012
- SBA OIG, *High-Dollar Early-Defaulted Loans Require an Increased Degree of Scrutiny and Improved Quality Control at the National Guaranty Purchase Center*, Report 12-11R, March 23, 2012
- SBA OIG, *SBA Generally Meets IPERA Reporting Guidance but Immediate Attention Is Needed to Prevent and Reduce Improper Payments*, Report 12-10, March 15, 2012.
- SBA OIG, *Origination and Closing Deficiencies Identified In 7(a) Recovery Act Loan Approvals*, ROM 11-07, September 30, 2011
- SBA OIG, *Material Deficiencies Identified in Five 7(a) Recovery Act Loans Resulted in $2.7 Million of Questioned Costs*, ROM 11-06, August 25, 2011
- SBA OIG, *Banco Popular Did Not Adequately Assess Borrower Repayment Ability When Originating Huntington Learning Center Franchise Loans*, Report 11-16, July 13, 2011
- SBA OIG, *Material Deficiencies Identified in Four 7(a) Recovery Act Loans Resulted in $3.2 Million of Questioned Costs*, ROM 11-05, June 29, 2011
- SBA, *OIG America's Recovery Capital Loans Were Not Originated and Closed In Accordance With SBA's Policies and Procedures*, ROM 11-03, March 2, 2011
- SBA OIG, *Material Deficiencies Identified in Early-Defaulted and Early-Problem Recovery Act Loans*, ROM 10-19, September 24, 2010
- SBA OIG, *SBA's Management of the Backlog of Post-purchase Reviews at the National Guaranty Purchase Center*, Report 9-18, August 25, 2009
- SBA OIG, *The Small Business Administration's Fiscal Year 2008 Improper Payment Rate for the 7(a) Guaranty Loan Program*, Report 9-16, July 10, 2009
- SBA OIG, *Review of Key Unresolved OIG Audit Recommendations in Program Areas Funded by the American Recovery and Reinvestment Act and Related Activities Need to Safeguard Funds*, ROM 09-1, April 30, 2009
- SBA OIG, *Audit of the Liquidation Process at the National Guaranty Purchase Center*, Report 9-08, January 30, 2009

- SBA OIG, *Audit of Six SBA Guaranteed Loans*, Report 8-18, September 8, 2008
- SBA OIG, *Audit of Loan Classifications and Overpayments on Secondary Market Loans*, Report 8-09, March 26, 2008
- SBA OIG, *Audit of UPS Capital Business Credit's Compliance with Selected 7(a) Lending Requirements*, Report 8-08, March 21, 2008
- SBA OIG, *Audit of the Guarantee Purchase Process for Section 7(a) Loans at the National Guaranty Purchase Center*, Report 7-23, May 8, 2007
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 7-17, March 12, 2007
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 7-15, February 12, 2007
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 7-10, January 16, 2007
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 7-09, January 9, 2007
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 7-07, December 29, 2006
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 7-06, December 28, 2006
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 7-05, December 20, 2006
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 7-02, October 23, 2006
- SBA OIG, *Audit of Deficiencies in OFA's Purchase Review Process for Backlogged Loans*, Report 6-35, September 29, 2006
- SBA OIG, *Survey of the Quality Assurance Review Process*, Report 6-26, July 12, 2006
- SBA OIG, *Audit of SBA's Implementation of the Improper Payments Information Act*, Report 6-25, June 21, 2006
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 6-22, May 17, 2006
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 6-17, March 20, 2006
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 6-16, March 20, 2006
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 6-14, March 2, 2006
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 5-26, September 28, 2005
- SBA OIG, *Audit of an SBA Guaranteed Loan*, Report 5-21, July 15, 2005
- SBA OIG, *Management Advisory Report on the Transfer of Operations to the National Guaranty Purchase Center*, Report 4-39, August 31, 2004
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 4-38, August 24, 2004
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 4-33, July 30, 2004
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 4-28, July, 9, 2004
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 4-25, June 22, 2004
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 4-06, January 8, 2004
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 3-38, September 22, 2003
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- SBA OIG, *Audit of an Early Defaulted Loan*, Report 3-27, May 22, 2003
- SBA OIG, *Audit of the Guaranty Purchase Process*, Report 3-15, March 17, 2003
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 3-07, January 23, 2003
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 2-32, September 30, 2002
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 2-30, September 24, 2002
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 2-23, August 7, 2002
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 2-15, March 29, 2002
- SBA OIG, *Improvements are Needed in Small Business Lending Company Oversight Process*, Report 2-12, March 21, 2002
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 2-03, February 27, 2002
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 2-05, February 27, 2002
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 1-10, March 9, 2001
- GAO, *Major Management Challenges and Program Risks*, GAO-01-260, January 2001
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 0-10, April 23, 2000
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 0-12, March 28, 2000
- SBA OIG, *Audit of an Early Defaulted Loan*, Report 0-05, February 14, 2000

Challenge 5:

- SBA OIG, *Addressing Performance Problems of High-Risk Lenders Remains a Challenge for the Small Business Administration*, Report 12-20R, September 28, 2012
- SBA OIG, *SBA's Oversight of SBA Supervised Lenders,* Report 8-12, May 9, 2008
- SBA OIG, *UPS Capital Compliance with Selected 7(a) Lending Requirements*, Report 8-08, March 21, 2008
- GAO, *Small Business Administration: Additional Measures Needed to Assess 7(a) Loan Program's*
- *Performance*, GAO-07-769, July 13, 2007
- SBA OIG, *SBA's Oversight of Business Loan Center, LLC*, Report 7-28, July 11,2007
- SBA OIG, *SBA's Use of the Loan and Lender Monitoring System*, Report 7-21, May 2, 2007
- SBA OIG, *Audit of the Office of Lender Oversight Corrective Action Process*, Report 7-18, March 14, 2007
- GAO, *Small Business Administration: Improvements Made, But Loan Programs Face Ongoing Management*
- *Challenges*, GAO-06-605T, April 6, 2006
- SBA OIG, *SBA's Administration of the Supplemental Terrorist Activity Relief (STAR) Loan Program*, Report 6-09, December 23, 2005
- GAO, *Small Business Administration: New Service for Lender Oversight Reflects Some Best Practices, But*
- *Strategy for Use Lags Behind*, GAO-04-610, June 8, 2004
- GAO, *Continued Improvements Needed in Lender Oversight*, Report 03-90, December 2002
- SBA OIG, *Impact of Loan Splitting on Borrowers and SBA*, Advisory Memorandum Report 2-31,
- September 30, 2002
- SBA OIG, *Improvements needed in SBLC Oversight*, Advisory Memorandum Report 2-12, March 20, 2002
- SBA OIG, *Preferred Lender Oversight Program*, Report 1-19, September 27, 2001
- SBA OIG, *SBA Follow-up on SBLC Examinations*, Report 1-16, August 17, 2001

Challenge 6:

- SBA OIG, *Audit on the Effectiveness of the SBA's Surveillance Review Process*, Report 11-11, March 31, 2011
- SBA OIG, *Audit of Two 8(a) Sole –Source Contracts Awarded to Contractors in SBA's Mentor Protégé Program*, Report 7-19, March 30, 2007
- SBA OIG, *Audit of Monitoring Compliance with 8(a) Business Development Regulations During 8(a) Business Development Contract Performance*, Report 6-15, March 16, 2006
- SBA OIG, *Business Development Provided by SBA's 8(a) Business Development Program*, Report 4-22, June 2, 2004
- SBA OIG, *SACS/MEDCOR: Ineffective and Inefficient*, Report 4-15, March 9, 2004
- SBA OIG, *Section 8(a) Program Continuing Eligibility Reviews*, Report 4-3-H-006-021, September 30, 1994

Challenge 7:

- SBA OIG, *Applicant Character Verification in SBA's Business Loan Program*, Report 3-43, April 5, 2001
- SBA OIG, *Summary Audit of Section 7(a) Loan Processing*, Report 0-03, January 11, 2000
- SBA OIG, *Loan Agents and the Section 7(a) Program*, Report 98-03-01, March 31, 1998
- SBA OIG, *Fraud Detection in SBA Programs*, Report 97-11-01, November 24, 1997
- SBA OIG, *Operation Clean sweep*, Memorandum, August 21, 1996

Challenge 8:

- SBA OIG, *Adequacy of Quality Assurance Oversight of the Loan Management and Accounting System Project*, Report 10-14, September 13, 2010
- SBA OIG, *Review of Allegations Concerning How the Loan Management and Accounting System Modernization Project is Being Managed*, Report 9-17, July 30, 2009
- SBA OIG, *Planning for the Loan Management and Accounting System Modernization and Development Effort*, Report 8-13, May 14, 2008

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- GAO, *Major Management Challenges and Program Risks: Small Business Administration*, GAO-03-116, January 1, 2003
- GAO, *SBA Loan Monitoring System: Substantial Progress Yet Key Risks and Challenges Remain*, Testimony of Joel C. Willemssen, Director, Civil Agencies Information Systems Accounting and Information Management Division, Before the Subcommittee on Government Programs Statement Committee on Small Business, House of Representatives, GAO/T-AIMD-00-113, February 29, 2000
- GAO, *SBA Needs to Establish Policies and Procedures for Key IT Processes, Accounting and Information Management Division*, GAO/AIMD-00-170, May 31, 2000

Challenge 9:

- SBA OIG, *A Detailed Repayment Ability Analysis is Needed on High-Dollar Early-Defaulted Loans to Prevent Future Improper Payments*, Report 12-18, August 16, 2012
- SBA OIG, *High-Dollar Early-Defaulted Loans Require an Increased Degree of Scrutiny and Improved Quality Control at the National Guaranty Purchase Center*, Report 12-11R, March 23, 2012
- SBA OIG, *SBA Generally Meets IPERA Reporting Guidance but Immediate Attention Is Needed to Prevent and Reduce Improper Payments*, Report 12-10, March 15, 2012.
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- SBA, OIG *America's Recovery Capital Loans Were Not Originated and Closed In Accordance With SBA's Policies and Procedures*, ROM 11-03, March 2, 2011
- SBA OIG, *Material Deficiencies Identified in Early-Defaulted and Early-Problem Recovery Act Loans*, ROM 10-19, September 24, 2010
- SBA OIG, *SBA's Management of the Backlog of Post-Purchase Reviews at the National Guaranty Purchase Center*, Report 9-18, August 25, 2009
- SBA OIG, *The Small Business Administration's Fiscal Year 2008 Improper Payment Rate for the 7(a) Guaranty Loan Program*, Report 9-16, July 10, 2009
- SBA OIG, *Audit of Borrower Eligibility for Gulf Coast Disaster Loans*, Report 9-09, March 31, 2009
- SBA OIG, *The Small Business Administration's Fiscal Year 2007 Improper Payment Rate for the Disaster Loan Program*, Report 9-10, March 26, 2009
- SBA OIG, *Audit of the Liquidation Process at the National Guaranty Purchase Center*, Report 9-08, January 30, 2009
- SBA OIG, *The Use of Proceeds From Gulf Coast Disaster Loans*, Report 9-06, January 15, 2009
- SBA OIG, *Disaster Loss Verification Process*, Report 8-15, June 17, 2008
- SBA OIG, *Review of the Adequacy of Supporting Documentation for Disbursements*, Report 8-07, January 29, 2008
- SBA OIG, *The Quality of Loans Processed Under the Expedited Disaster Loan Program*, Report 7-34, September 28, 2007
- SBA OIG, *SBA's Quality Assurance Reviews of Loss Verifications*, Report 7-29, July 23, 2007

- SBA OIG, *Securing Collateral for Disaster Loan Disbursements*, Report 7-22, May 9, 2007

Challenge 10:

- SBA OIG, *Origination and Closing Deficiencies Identified In 7(a) Recovery Act Loan Approvals*, ROM 11-07, September 30, 2011

Challenge 11:

- SBA, OIG, *The Small Business Administration's Process Could Lead to Possible Anti-Deficiency Act Violations*, Report 12-22, September 28, 2012
- SBA, OIG, *The Small Business Administration's Inappropriate Use of the Government Purchase Card for Construction Purchases*, Report 12-16, August 6, 2012
- SBA OIG, *The SBA's Improper Payment Review and Reporting for its Contracting Activities did not Comply with IPERA and IPIA Requirements During FY 2011*, Report 12-07, March 8, 2012
- SBA OIG, *Small Business Administration's Funding of Information Technology Contracts Awarded to Isika Technologies*, Inc., Report 11-14, June 2, 2011
- SBA OIG, *SBA's Procurement of Information Technology Hardware and Software through Isika Technologies, Inc.*, Report 11-08, February 25, 2011
- SBA OIG, *SBA's Planning and Award of the Customer Relationship Management Contracts,* ROM 10-16, June 29, 2010
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