

SBA's IT Investment Governance Framework



Management Advisory

Report 24-10

March 29, 2024



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NOTICE:

Pursuant to the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Public Law 117-263, Section 5274, any nongovernmental organizations and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context as it relates to any specific reference contained herein. Comments must be submitted to AIGA@sba.gov within 30 days of the final report issuance date. We request that any comments be no longer than two pages, Section 508 compliant, and free from any proprietary or otherwise sensitive information. The comments will be appended to this report and posted on our public website.



**OFFICE OF INSPECTOR GENERAL
U.S. SMALL BUSINESS ADMINISTRATION**

MEMORANDUM

Date: March 29, 2024
To: Isabella Casillas Guzman
Administrator
From: Hannibal "Mike" Ware
Inspector General

Subject: Evaluation of SBA's IT Investment Governance Framework (Report 24-10)

The Office of Inspector General (OIG) is issuing this management advisory to bring to your attention concerns regarding how the U.S. Small Business Administration (SBA) manages its Information Technology (IT) systems. OIG has reported on significant IT investment internal control issues over the last 6 years, which the agency has also identified without taking meaningful action to resolve. These issues include:

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

These issues require immediate attention as a strong IT governance framework enables the agency to achieve mission goals and objectives while safeguarding taxpayer funds. An efficient IT framework will help the agency better deliver SBA programs and services, particularly in times of crisis.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact me or Andrea Deadwyler, Assistant Inspector General for Audits, at (202) 205-6586.

cc: Dilawar Syed, Deputy Administrator
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Contents

Introduction	1
Background	1
Objective	2
Results	3
Finding 1: Preliminary System Design Criteria Were Not Followed.....	4
Recommendations	6
Finding 2: IT Investment Performance Was Not Effectively Monitored.....	6
Recommendations	8
Finding 3: IT Investments Were Not Measured Against Originally Established Standards.....	8
Recommendation	10
Conclusion	10
Evaluation of Agency Response.....	11
Scope and Methodology	14

Tables

1: The Major IT Investments We Reviewed in the Select Phase.....	4
2: The Major IT Investments We Reviewed in the Control Phase	7
3: Major IT Investments We Reviewed in the Evaluate Phase	9

Figure

1: The Phases SBA Uses to Manage Its IT Software.....	3
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Introduction

Background

The U.S. Small Business Administration (SBA) is in the process of improving its internal control framework to monitor its information technology (IT) investments, called the IT Governance Framework. IT investments refer to the expenditure of funds for IT resources to address the development, modernization or maintenance of an IT asset. An IT asset is an information system that is essential to mission delivery and enhances organizational performance. IT investments are on the Government Accountability Office's (GAO) high-risk list because they are often a large investment of taxpayer funds for mission critical functions. SBA plans to spend \$408.1 million on IT software investments for fiscal year (FY) 2024.

Office of Inspector General (OIG) reports from 2017–2022 have identified IT investment governance control deficiencies that included:

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

For example, in 2020 we reported critical system capabilities were missing in certify.sba.gov. This was a \$30 million system investment planned to improve key applications related to SBA's contracting certification programs but lacked essential search, analytical, and reporting tools it was supposed to have to improve small business participation in federal contracts.¹ Also, in 2022, we reported the agency allowed third-party Coronavirus Disease 2019 (COVID-19) assistance program systems to be put into service without baseline assessments.² Baselines are important because they allow planned results to be assessed against investment activity and corrective actions to be undertaken to improve performance.

We also found the governance board charged with overseeing IT investments did not meet as required. The agency missed critical capabilities, such as enabling technologies or improved business processes, and did not act to correct underperforming investments.

¹ SBA OIG, 20-17, *Evaluation of Certify.sba.gov*, (July 30, 2020).

² SBA OIG, 22-19, *COVID-19 and Disaster Assistance Information Systems Security Controls*, (September 27, 2022).

In addition, key agency leadership positions required by federal law have not been filled with full-time personnel. For example, the Chief Information Officer (CIO) has served in an acting role since February 2022. At the time of our review, the Architecture Review Board lead position had been vacant since May 2021. Continuity in these positions is critical to ensuring open vulnerabilities are corrected, operational issues are quickly resolved, and expenditures are properly monitored.

Several statutory and legislative requirements provide policy and procedural direction for effective IT investment oversight. The Clinger-Cohen Act³ states the SBA Administrator should establish effective controls to select, manage, and evaluate major IT software investments, known as the Capital Planning and Investment Control process. The Act also mandates that federal agencies develop policies and processes that implement systems at budgeted costs and within scheduled timeframes that contribute to mission performance.

The Federal Information Technology Acquisition Reform Act⁴ empowers chief information officers to make decisions on IT project planning and implementation related to governance, budgeting, and contracting. SBA also has several Standard Operating Procedures (SOP) defining how the agency should manage IT investments within SBA's Capital Planning and Investment Control framework.

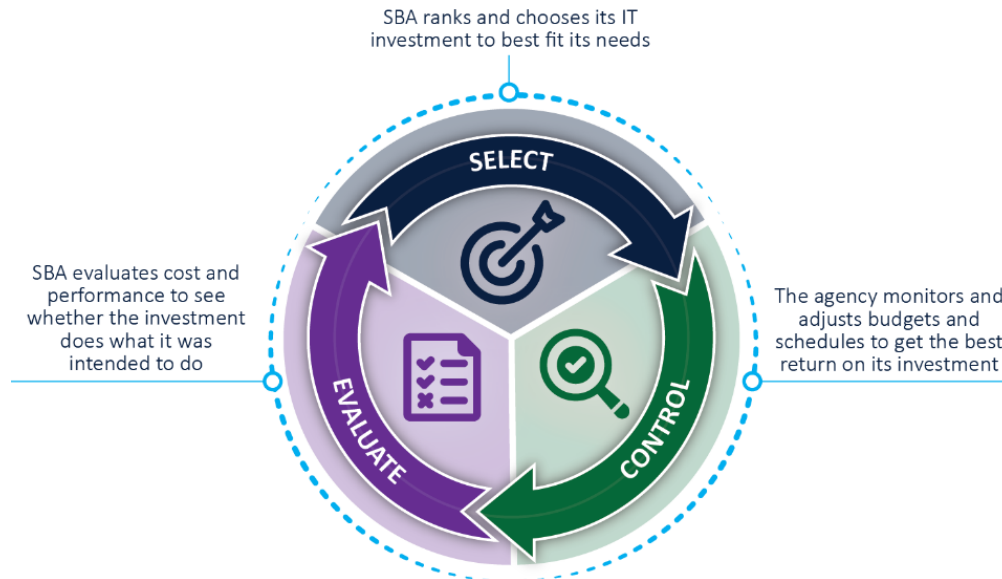
Objective

We evaluated SBA's current IT investment governance process against the Clinger-Cohen Act, Federal IT Reform Act, and the agency SOPs. To accomplish our objective, we selected seven major IT software investments to review. A major investment is defined as an IT system requiring special management attention with a funding requirement exceeding \$500,000 annually. These major IT investments were evaluated while at different phases in the control framework process (see Figure 1). A project can be active concurrently in more than one phase of the control framework process.

³ 40 U.S.C. § 11312.

⁴ 40 U.S.C. § 11319(b)(1)(A)(i).

Figure 1: The Phases SBA Uses to Manage Its IT Software



Source: OIG generated from GAO-04-394G, *Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity*, March 2004

Results

Our evaluation determined that SBA hasn't had an effective governance framework for several years, and the new IT investment governance framework isn't scheduled to be implemented until the second quarter of 2024. The design of IT investment controls is increasingly important in deploying cost-effective solutions that deter fraud and protect identities of small business owners and disaster assistance recipients. Effective governance over IT investments is critical because it contributes to mission-related outcomes and reduces the risk of mistakes, such as cost overruns or schedule slippages, system errors, and loss of taxpayer funds.

Finding 1: Preliminary System Design Criteria Were Not Followed



We reviewed two new major systems identified as being in the “select” phase, which is when SBA ranks and chooses its IT investment to best fit its needs.

SBA reported expenditures for these two investments as \$16.9 million in FY 2022 (see Table 1). Both investments were initiated in FY 2022.

Table 1: The Major IT Investments We Reviewed in the Select Phase

IT Investment	Investment Purpose	Actual Cost FY 2022
MySBA Loan Portal	This system brings all certification and loan programs together into one system.	\$11,494,000
Veteran Certification Management System	This system is for users to apply for certification in SBA’s veteran-specific set-aside programs, track application status, submit periodic re-certification documentation, and communicate with SBA staff.	\$5,434,000

Source: SBA data

We determined SBA did not adhere to requirements specified in the Federal Information Technology Acquisition Reform Act and its own policies when selecting these IT systems. The MySBA system and the Veteran Certification Management System were not approved by the Business Technology Investment Council and Architecture Review Board as required by the Federal IT Reform Act, SOPs 90 82, and 90 52 1. The Veteran Certification Management System went into production in January 2023.

The Business Technology Investment Council is the agency's principal governance body that reviews and advises on IT investment spending and recommends to fund, defund, or terminate projects. The council also is responsible for implementing key provisions in the Federal IT Reform Act, which includes establishing cost and performance baselines. The agency uses SOP 90 82 to implement this act. The SOP states that the council should utilize an architecture review board. The architecture review board supports the process of researching, investing, architecting, and implementing IT capabilities and services. It establishes adequate governance to ensure SBA investments conform to an overarching SBA IT system design.

Business cases were not completed for either of the sampled investments as required by SOP 90 44, SBA Information Technology and Capital Planning and Investment Control Standard Operating Procedure. A "business case" and related baseline provides justification for undertaking a project, evaluates the benefit, costs, and risks of alternate options, and provides a rationale for the preferred solution. An investment's "baseline" means its cost, schedule, and scope performance goals.

Due to the turnover of key personnel, a fully functioning architecture review board or Business Technology Investment Council did not periodically meet to evaluate these investments. Also, agency officials indicated limited resources and short procurement timelines impeded its ability to create business cases.

By not following policy, the agency will have limited assurance that new IT investments, valued at \$16.9 million, have compatibility with other organizational assets. Also, these new IT investments have not had an independent cost and performance assessment with approvals from the architecture review board and Business Technology Investment Council, thus there's no assurance of a favorable cost-benefit to the government. These controls are essential if the agency wants to achieve its mission to implement strong stewardship of resources for greater impact. The agency's 2024 Congressional Justification outlines plans to modernize key mission systems such as public-facing websites, mobile apps, and digital tools and services to improve the public's experience. These proposed investments must be evaluated through business cases and baselines which consider cost, performance goals, scope and schedule.

Recommendations

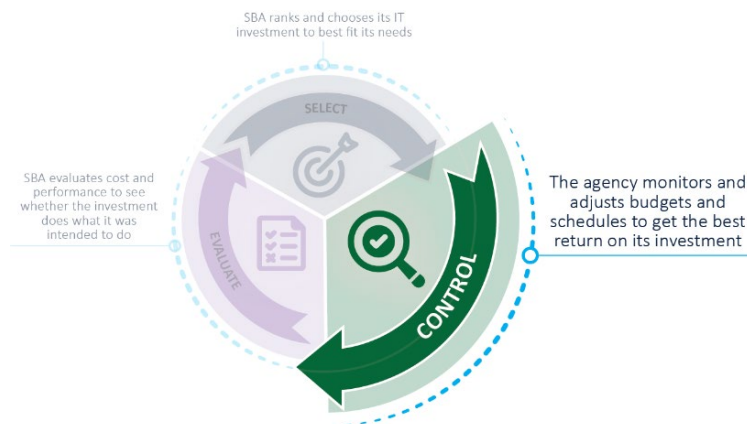
We recommend the Administrator direct the Associate Administrator for the Office of the Chief Information Officer to:

Recommendation 1: Update its business case for the MySBA investment in accordance with SOP 90 44.

Recommendation 2: Ensure the architecture review board reviews new investments to confirm compatibility with agency systems and ensure the Business Technology Investment Council approves new investments prior to purchase, as required by SOPs 90 52 1 and 90 44.

Recommendation 3: Ensure program offices create business cases prior to approval of the investment to ensure project scope, risks, and costs are fully vetted as required by SOP 90 44.

Finding 2: IT Investment Performance Was Not Effectively Monitored



We reviewed how SBA monitored and adjusted its budget to get the best return on its investment for three major systems. These IT investments totaled \$151.5 million during fiscal years 2020–2022 (see Table 2). The agency did not effectively monitor the progress of the major IT investments that were in the control phase.

Table 2: The Major IT Investments We Reviewed in the Control Phase

IT Investment	Investment Purpose	Actual Cost FYs 2020 – 2022
Shuttered Venue Operators Grant (SVOG)	Grant recipients can upload supporting documents and budgets for grant applications, audits, and closure.	\$20,895,000
SBA.gov	SBA.gov is the primary website for SBA. SBA.gov delivers information and services to lenders, SBA partners, small business owners, and entrepreneurs.	\$14,693,000
Disaster Credit Management Modernization*	This system supports disaster loan application functions from disaster declaration information to final disbursement of funds.	\$115,931,000

*We reviewed this investment for supporting documents required in the control phase. A project can be active concurrently in more than one phase of the select/control/evaluate model.

Source: SBA data

SBA has procedures requiring adoption of earned value principles to plan and manage major IT investments greater than \$500,000. However, the procedures do not define the principles or how to implement them. Earned value methods should provide faith in the quality of the data and, at a minimum, track schedules, incurred costs, and estimates to complete the project. A cost estimate is typically created or updated before financial commitments have been made and used to establish a performance measurement baseline. While the estimate should be updated regularly, the original baseline is only developed once. For example, the estimate at completion may be revised, but the original cost estimate should rarely be changed so that variances can be observed.

Also, cost overruns and schedule slippages that exceeded the original baseline were not consistently reported as required by Office of Management and Budget (OMB) Circular A-130, Managing Information as a Strategic Resource. If this control was in place, management would be able to intervene and apply corrective actions when necessary.

In addition, according to SOP 90 44, factors such as contractor cost oversight and schedule performance should be evaluated and rated monthly by the Chief Information Officer (CIO). However, during the time of our evaluation, we found the CIO had not issued ratings since January 2022. Schedule and cost variance must be monitored to avoid cost overruns or incomplete delivery of required system functionality. This is critical to safeguard more than \$150 million in taxpayer funds that have already been expended on these three systems. Continued oversight of the cost and schedule variance for these systems is essential if the agency plans to meet its 2024 initiatives for the major IT investments.

Recommendations

We recommend the Administrator direct the Associate Administrator for the Office of the Chief Information Officer to:

Recommendation 4: Update procedures to provide specific guidance to agency investment managers on how to utilize earned value principles to measure investment progress against both the current approved baseline and the original baseline for all major investments as required by SOP 90 52 1 and OMB Circular A-130.

Recommendation 5: Establish and implement controls to ensure all investments in the control phase are rated by the CIO monthly using baseline factors such as contractor cost oversight and schedule performance; and apply corrective measures as necessary as required by SOP 90 44.

Finding 3: IT Investments Were Not Measured Against Originally Established Standards



We reviewed how SBA evaluated the cost and performance of three major investments, totaling \$264.7 million, during fiscal years 2020–2022 (see Table 3). The agency did not provide evidence that the IT investments in the evaluate phase met their intended objectives, nor evidence that the investments yielded expected benefits.

Table 3: Major IT Investments We Reviewed in the Evaluate Phase

IT Investment	Investment Purpose	Actual Cost FYs 2020- 2022
Capital Access Financial System	This system supports a portfolio of over \$1 trillion, ranging from pandemic assistance loans, the 7(a) loan program, 504 Certified Development Company loan program, and surety bond guaranties.	\$133,426,000
SBA Certify	Provides for digitization and automation of the SBA's certification management process for the 8(a) Business Development and SBA All Small Mentor-Protege programs.	\$15,360,000
Disaster Credit Management Modernization*	This system supports disaster loan application functions beginning with disaster declaration information and ending with final disbursement of funds.	\$115,931,000

*We reviewed this investment for supporting documents required in the evaluate phase. A project can be active concurrently in more than one phase of the select/control/evaluate model.

Source: SBA data

We found required annual monitoring controls were not consistently performed. Operational analyses were not performed as required by OMB Circular A-11 and SOP 90 44. The operational analysis is a control mechanism that measures how close the investment is to achieving the program's expected cost, schedule, and performance goals. The operational analysis encompasses baseline monitoring and integrated baseline reviews.

Post-implementation reviews for the three sampled investments were not performed as required by SOP 90 44. The post-implementation reviews focus on an activity performed after a new system has been implemented. Successes, failures, and lessons learned are assessed and can be applied to improve the agency's capital planning and investment control process.

Additionally, we found TechStat sessions were not performed for the selected investments during the period of our review. TechStat sessions are used as a tool to get ahead of critical

problems in an investment, to turn around underperforming investments or terminate investments. They provide evidence that a proposed system’s baseline is well documented, comprehensive, and monitored against predetermined cost and performance milestones. The SBA Office of the Chief Information Officer determines when to conduct TechStat sessions. Not performing TechStat sessions limits the opportunity for agency management to invoke corrective action plans for underperforming investments. Cost and schedule slippages may continue to occur, and the investment may not meet its intended objective without a TechStat session.

Key components, such as the operational analysis, post-implementation review, and TechStat sessions, were not published or vetted through the Business Technology Investment Council. Therefore, the council was unable to evaluate the investments in accordance with capital planning and investment control procedures. This evaluation by the council ensures it can intervene in a timely manner, as required by federal guidance, to address cost and schedule overruns or performance issues. Consequently, there is limited assurance that these three systems, costing the agency \$264.7 million from fiscal years 2020–2022, will meet the intended objectives.

Recommendation

We recommend the Administrator direct the program offices and the Office of the Chief Information Officer to:

Recommendation 6: Perform oversight procedures as required in OMB Circular A-11 and SOP 90 44. Specifically, ensure that post-implementation reviews, business case closeouts, TechStat sessions, operational analyses, and lessons learned are completed.

Conclusion

Our review of SBA’s IT governance framework found the agency is not consistently following statute and established policies and procedures meant to increase efficiency, lessen risk, and provide value to the taxpayer. OIG has reported on significant IT investment internal control issues over the last 6 years, which the agency has also identified. Our selection of seven major investments, totaling \$317 million during the FY 2020–2022 period, showed recurring issues that were communicated in prior audit reports. These issues included:

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

We also identified the lack of business cases to justify new or modified investments. In addition, post-implementation assessments were not performed to determine whether the investment fully met its objectives.

A strong IT governance framework enables the agency to achieve mission goals and objectives while safeguarding taxpayer funds. An efficient IT framework will help the agency better deliver SBA programs and services, particularly in times of crisis.

Evaluation of Agency Response

SBA management agreed with five recommendations and partially agreed with one. To address these recommendations, the agency is planning to implement corrective measures, including updating applicable policies, procedures, and evidentiary documentation. Management plans to use existing capabilities, schedule consistent Business Technology Investment Council meetings, and consistently perform IT investment monthly ratings. However, for recommendations 4 and 6, both relating to the performance monitoring of IT investments, management's response did not fully address identified control issues. Both recommendations convey the need for the agency to establish robust investment control baselines to monitor IT investment progress and take corrective actions in a timely manner. We will seek resolution in accordance with our audit follow-up policy. See Appendix 1 for management's comments in their entirety.

The following section summarizes the status of our recommendations and the actions necessary to close them. SBA management anticipates remediation of the recommendations below by August 30, 2024.

Recommendation 1

Update its business case for the MySBA investment in accordance with SOP 90 44 SBA Information Technology and Capital Planning and Investment Control Standard Operating Procedures.

Status: Resolved

SBA management agreed with the recommendation. SBA plans to update the business case for the MySBA investment in accordance with SOP 90 44. In addition, SBA plans to provide oversight of future investments through the Business Technology Investment Council process. This recommendation can be closed when SBA management provides an updated business case for the MySBA investment. The business case should include documentation of a review by the Business Technology Investment Council to determine if the solution presented supports and achieves the agency's mission, goals, and objectives in accordance with SOP 90 44. In addition, this investment must have an investment baseline approved by the Business Technology Investment Council in accordance with SOP 90 52 1, IT Investment Performance Baseline Management Policy.

Recommendation 2

Ensure the architecture review board reviews new investments to confirm compatibility with agency systems and ensure the Business Technology Investment Council approves new investments prior to purchase, as required by SOPs 90 52 1 and 90 44.

Status: Resolved

SBA management agreed with the recommendation. The SBA Office of the Chief Information Officer said it plans to leverage MySBA capabilities to perform enterprise architecture reviews in accordance with SOPs 90 52 1 and 90 44. Once SBA managers provide a list of new investments for fiscal years 2023 and 2024 with evidence that the architectural review board confirmed compatibility with agency systems, this recommendation can be closed. Also, SBA management must provide evidence the Business Technology Investment Council approved the new investments prior to their purchase, as required by SOPs 90 52 1 and 90 44.

Recommendation 3

Ensure program offices create business cases prior to approval of the investment to ensure project scope, risks, and costs are fully vetted as required by SOP 90 44.

Status: Resolved

SBA management agreed with the recommendation. SBA says the Office of the Chief Information Officer will schedule consistent Business Technology Investment Council meetings to provide IT investments oversight as required by SOP 90 44. Also, SBA plans to update the IT Acquisition Review Tracker process to include business cases as a required document in its approval process. This recommendation can be closed when SBA managers provide evidence of all newly proposed

investments to date and their associated business cases, review, score, and approval by the Business Technology Investment Council as required by SOP 90 44.

Recommendation 4

Update procedures to provide specific guidance to agency investment managers on how to utilize earned value principles to measure investment progress against both the current approved baseline and the original baseline for all major investments as required by SOP 90 52 1 and OMB Circular A-130.

Status: Unresolved

SBA management partially agreed with this recommendation. SBA management stated agency investment managers and practitioners have been moving toward the agile methodology to use earned business value principles to measure investment progress. SBA management also plans to update SOP 90 52 1 in accordance with these new procedures. Currently SOP 90 52 1 states earned value principles shall be used for major IT investments, which are defined as investments exceeding \$500,000 annually.

We consider this matter unresolved because management's comments did not address the need to implement the requirement for earned value principles on major IT investments in accordance with the SOP. The current control environment allows project managers to have the option of whether to use an earned value management system for contracts valued less than \$20 million based on various external definitions of major investments. However, SBA's SOP has defined major investments as those exceeding \$500,000 annually. We are recommending SBA provide guidance to agency investment managers to ensure the existing requirements are consistently followed. This recommendation can be closed when SBA provides evidence it has implemented the use of earned value principles for IT investments exceeding \$500,000 annually, in accordance with the SOP. These principles measure investment progress against the current, approved, and original baselines as required by OMB A-130. This OMB circular states appropriate measurements should be used to evaluate the cost, schedule, and overall performance of IT projects. This circular also states agency-wide policies and procedures should be in place to conduct IT investment reviews.

Recommendation 5

Establish and implement controls to ensure all investments in the control phase are rated by the Chief Information Officer monthly using baseline factors, such as contractor cost oversight and schedule performance, and apply corrective measures as necessary as required by SOP 90 44.

Status: Resolved

SBA management agreed with the recommendation. SBA has reestablished a consistent schedule of the CIO monthly ratings monitoring and controlling baseline factors and will apply corrective measures. This recommendation can be closed when SBA managers provide evidence that all major IT investments and their corresponding monthly CIO ratings are reflected on the federal IT dashboard for fiscal years 2023 and 2024.

Recommendation 6

Perform oversight procedures as required in OMB Circular A-11 and SOP 90 44. Specifically, ensure that post-implementation reviews, business case closeouts, TechStat sessions, operational analyses, and lessons learned are completed.

Status: Unresolved

SBA management agreed with the recommendation and stated they will encourage all investment managers to include the Office of the Chief Information Officer in post-implementation reviews. SBA managers stated they are aware of the CIO's responsibilities for oversight procedures, but at the time, no investments warranted TechStats based upon the performance of their projects.

We consider this recommendation unresolved because management stated they would encourage versus require the inclusion of the Office of the Chief Information Officer in implementing key control guidance outlined the SOP. This could result in subsequent cost overruns, or nonattainment of future project objectives, especially given the oversight responsibilities the office has for IT Investments. This recommendation can be closed when SBA provides evidence it has implemented controls to ensure responsible program officials are consistently following the guidance specified by OMB Circular A-11 and SOP 90 44.

Scope and Methodology

The scope of the evaluation included whether SBA designed, implemented, and performed monitoring activities over its IT investments consistent with the Clinger-Cohen Act, Federal IT Reform Act, agency SOPs, and other relevant criteria. In addition, the scope included how management established structure, responsibility, and authority over its current IT investment governance framework. The period of review was from October 1, 2020–March 2023. We developed procedures to assess the design and implementation of such internal controls to the extent necessary to address the objective.

The procedures included interviewing various program officials to obtain an understanding of the IT investment governance framework internal controls and practices. We performed walkthroughs of the capital planning and investment control process to confirm our understanding of the design and implementation of specified internal control component(s). We reviewed documents such as agency procedures, and we performed tests of design and operating effectiveness.

We conducted this management advisory in accordance with the *Quality Standards for Federal Offices of Inspector General*, which requires we conduct our work with integrity, objectivity, and independence.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

To: Hannibal “Mike” Ware
Inspector General
U.S. Small Business Administration

From: Stephen Kucharski
Chief Information Officer (Acting) STEPHEN KUCHARSKI Digitally signed by STEPHEN KUCHARSKI
Date: 2024.03.18 15:37:41 -04'00'

Date: March 14, 2024

Subject: Response to Evaluation of SBA’s IT Investment Governance Framework (Project 23008)

We appreciate the Office of Inspector General’s (OIG) role in providing guidance to SBA management regarding how the U.S. Small Business Administration (SBA) manages its Information Technology (IT) systems, and for the feedback provided in this draft report.

OCIO continues to make progress building a strong IT governance framework that will enable the agency to achieve its mission goals and objectives, as well as promote risk reduction and value add to IT investments. Through an extensive revision of its oversight policies and processes, IT investments will integrate under a unified IT governance framework to address essential entity-wide controls. The framework is still in development, but when operational, IT acquisitions and investments will be systematically reviewed for adherence to all Federal acquisition and security policies.

We anticipate remediation of the below recommendations by August 30, 2024.

Recommendation 1 - Update its business case for the MySBA investment in accordance with SOP 90 44.

SBA Response: SBA agrees with this recommendation. The MySBA team will update the Business Case for the MySBA investment in accordance with SOP 90 44. Future activities include continuing oversight of the investment through the BTIC process.

Recommendation 2 - Ensure the architecture review board reviews new investments to confirm compatibility with agency systems and ensure the Business Technology Investment Council approves new investments prior to purchase, as required by SOPs 90 52 and 90 44.

SBA Response: SBA agrees with this recommendation. OCIO will leverage the MySBA capabilities to perform enterprise architecture reviews in accordance with SOPs 90 52 and 90 44.

Recommendation 3 - Ensure program offices create business cases prior to approval of the investment to ensure project scope, risks, and costs are fully vetted as required by SOP 90 44.

SBA Response: SBA agrees with this recommendation. OCIO pledges to be more disciplined as we schedule consistent BTIC meetings to provide IT investments oversight as required by SOP 90 44. The ITART process will be updated to include business cases as a required document in its approval process.

Recommendation 4 - Update procedures to provide specific guidance to agency investment managers on how to utilize earned value principles to measure investment progress against both the current approved baseline and the original baseline for all major investments as required by SOP 90 52 and OMB A130.

SBA Response: SBA partially agrees with this recommendation. Agency investment managers and practitioners have been moving towards the agile methodology to utilize earned business value (EBV) principles to measure investment progress. SOP 90 52 will be updated in accordance with these new procedures.

Recommendation 5 - Establish and implement controls to ensure all investments in the control phase are rated by the CIO monthly using baseline factors such as contractor cost oversight and schedule performance; and apply corrective measures as necessary as required by SOP 90 44.

SBA Response: SBA agrees with this recommendation. OCIO has reestablished a consistent schedule of the CIO monthly ratings monitoring and controlling baseline factors and apply corrective measures as required by SOP 90 44.

Recommendation 6 - Perform oversight procedures as required in OMB Circular A-11 and SOP 90 44. Specifically, ensure that post-implementation reviews, business case closeouts, TechStat sessions, operational analyses, and lessons learned are completed.

SBA Response: SBA agrees with the recommendation. OCIO will encourage all investment managers to include OCIO in post implementation reviews (PIR). We are aware of the CIO's responsibilities of oversight procedures, but at the time, no investments warranted TechStats based upon the performance

of their projects. Operational analyses performed regularly provide visibility before a project becomes at risk.