

FY 2020 OMB Supplemental Data Call

Small Business Administration (SBA)

Contents

FY 2020 OMB Supplemental Data Call SBA	1
Agency-Wide Responses	4
Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1)).....	4
Question 3: Recovery Audits (PIIA Section: 3352)	4
Question 4: Excluded Programs (PIIA Section: 3352(e) (7)).....	5
Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))	5
Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d)).....	5
Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C)).....	6
Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))	6
Disbursements for Goods & Services	7
Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B)).....	7
7(a) Guaranty Purchases	7
Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))	7
Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B)).....	7
Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))	8
Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2)).....	8
Question 8: Tolerable Rate.....	8
Question 8 Free Text: Tolerable Rate	9
Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	9
Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	9
Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))	9
Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))	9
Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1)).....	10
Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))	10
Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	10
Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	10
Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	11
Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))	11
Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B)).....	11
Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	11
Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5)).....	12
Disaster Loan Disbursements	12
Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))	12
Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B)).....	12
Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))	13
Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2)).....	13

Question 8: Tolerable Rate.....	13
Question 8 Free Text: Tolerable Rate	13
Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	14
Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))	14
Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))	14
Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1)).....	14
Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))	15
Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	15
Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	16
Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))	16
Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))	16
Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	17
Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	17
504 CDC Guaranty Approvals.....	17
Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))	17
Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))	17
Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))	18
Question 8: Tolerable Rate.....	18
Question 8 Free Text: Tolerable Rate	18
Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	18
Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	19
Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))	19
Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))	19
Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1)).....	19
Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))	19
Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	20
Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	20
Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	20
Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))	21
Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))	21
Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	21
Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	21
7(a) Guaranty Approvals	21
Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))	21
Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))	22
Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))	22
Question 8: Tolerable Rate.....	22
Question 8 Free Text: Tolerable Rate	23

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	23
Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3)).....	23
Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))	23
Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))	23
Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1)).....	24
Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))	24
Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	24
Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	25
Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	25
Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))	25
Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))	25
Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	26
Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	26
Supplemental Disaster Relief Administrative Funds - Travel	26
Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	26
Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	26
Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))	27
Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))	27
Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	27
Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	27
Supplemental Disaster Relief Administrative Funds - Payroll	26
Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))	27
Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))	27
Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))	28
Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	28
Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))	28

Agency-Wide Responses

Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Please describe the steps the agency has taken to detect and recover improper payments.

ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)	For 7(a) Guaranty Approvals program	FY2020 Q2
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	For 7(a) Guaranty Purchases program	FY2020 Q3
2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)	For 504 CDC Guaranty Approvals program	FY2020 Q2
5. Failure to Verify: Financial Data	3-Training (how to complete contracts)	For Disaster Loan Disbursements program	Other
5. Failure to Verify: Financial Data	4-Change Process (instructions, checklist, policy)	For Disaster Loan Disbursements program	Other
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	For Disaster Loan Disbursements program	Other
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	For Disaster Loan Disbursements program	Other
9. Administrative or Process Errors Made by: Federal Agency	Other (free text)	For Disaster Loan Disbursements program. Modify/enhance loan processing system	Other

Question 3: Recovery Audits (PIIA Section: 3352)

Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.

ANSWER: On September 15, 2011, the SBA submitted a Payment Recapture Audit Cost-Effective Analysis to the Office of Management and Budget. The analysis discussed the 7(a) Loan Program, the

504 Certified Development Company Loan Program, the Disaster Direct Loan Program, Disbursements for Goods and Services, the Small Business Investment Company Program, the Surety Bond Guaranty Program, and Grants, which included all grant programs. The analysis described the program, the controls over financial disbursements, and the size of the program and

concluded for each program that recapture audits would not be cost effective due to low error rates, complexity of the program, or limited amount of outlays. A subsequent cost analysis for the 7(a) loan guaranty purchase program was submitted to OMB on September 13, 2017, to include the results of a payment recapture audit performed in 2015 which again concluded that such an audit is not cost effective. The specific justification and analysis are discussed by program in the Agency Financial Report.

Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.

ANSWER: See response provided in Question 3.

Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))

Please describe your agency's progress:

- *Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;*
- *Identifying risk and vulnerabilities to fraud, and*
- *Establishing strategies, procedures, and other steps to curb fraud.*

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
1 – In Beginning Stages	1 – In Beginning Stages	2 – Established	1 – In Beginning Stages

Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The COVID-19 EIDL high dollar disbursements (> \$150B) has required the development and implementation of a fraud referral program to address the high volume of potentially fraudulent submitted applications as well as a strategy and approach for mitigating and resolving the referrals to closure, including identifying disbursements for potential recovery. This process is ongoing and includes a methodology for sorting and prioritizing deceptive referral applications/loans by materiality and likelihood.

Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Please indicate the following:

- Any programs not listed in this collection which were recently assessed to determine susceptibility of improper payments.
 - Whether it was likely to be above or below the statutory threshold.
- The FY for any programs not listed in this collection which were most recently assessed to determine whether it was likely to be above or below the statutory threshold.
- If they had substantial changes to RA methodology.

ANSWER:

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
SBIC (Small Business Investment Companies)	Likely to be Below Statutory Threshold	Other	NO
SBA Payroll	Likely to be Below Statutory Threshold	Other	NO
Microloan (Microloan Direct, Microloan Technical Assistance)	Likely to be Below Statutory Threshold	Other	NO
Contracts	Likely to be Below Statutory Threshold	Other	NO
SBDC (Small Business Development Center)	Likely to be Below Statutory Threshold	Other	NO
SBA Travel	Likely to be Below Statutory Threshold	Other	NO
SBG (Surety Bond Guarantees)	Likely to be Below Statutory Threshold	Other	NO
OWBO (Office of Women's Business Ownership)	Likely to be Below Statutory Threshold	Other	NO
STEP Grants (State Trade Expansion Program)	Likely to be Below Statutory Threshold	Other	NO

Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: All assessments listed above were performed in FY2020 Q4.

Disbursements for Goods & Services

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Based on the final Office of Disaster Assistance (ODA) loan disbursements FY2020 Improper Payment statistician results, the ODA FY 2020 improper payment rate estimate of 11.98 percent is more than twice the target reduction rate of 5.32 percent published in the FY 2019 AFR. Thus, the ODA disbursements is considered to not have met the reduction target as the lower bound for its confidence interval under the sampling methodology which meets the 95 percent confidence level, plus or minus 3 percent margin of error guidance, is 125.19 percent greater than the reduction target of 5.32 percent. Also, the FY2020 improper payment rate is a gross Improper Payment Rate of greater than 10%.

Since 2016, the Performance Plans for the Processing and Disbursement Center's Center Director, Deputy Center Director, Assistant Center Director for Application Processing, and Assistant Center Director for Accounts, include a specific results-driven performance critical element tied solely to bringing the improper payment rate on disbursements for the disaster loan program into compliance. Also, all employees who fall under the mentioned managers, and if they are involved in the loan making or disbursement process, have performance plans that including reducing and eliminating improper payments as a critic element.

7(a) Guaranty Purchases

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

ANSWER:

Performance Appraisal Criteria
prevent improper payments from being made

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The focus of SBA's Strategic Goal 4 is to strengthen the SBA's ability to service small businesses. Strategic Objective 4.1 is designed to ensure effective and efficient management of Agency resources, including improving processes for managing fraud, waste, and abuse. The SBA's strategic goals are included in annual performance plans for all of its programs as business objectives and these are

also included in employee performance plans. SBA management monitors accomplishments of these business objectives and takes action when progress toward goal achievement is not on target. Executive and management bonuses are based on the accomplishment of business objectives included in employee annual performance plans. This management process helps assure accountability for the reduction of improper payments.

As a means to reduce and/or eliminate the occurrence of future improper payments, a Corrective Action Plan has been formalized for the 7(a) loan guaranty purchase Centers. Specific corrective actions are determined based upon the primary reason for the improper payment with the purpose of remedying the cause of the improper payment to ensure that improper payments do not recur.

In addition as part of the Agency's Management Challenges, the Purchase Centers and Quality Control conducted an evaluation of the purchase process to enhance identification of material lender noncompliance with program requirements that lead to improper payments. This evaluation, along with internal training, has been designed to enhance Quality Control's identification of the causes of improper payments. Internal training on the causes of improper payments and actions to prevent future improper payments is expected to be completed by the end of third quarter of FY 2021.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

ANSWER:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Internal training for purchase processors, reviewers and approvers to determine proper recommendation of guarantee purchase denial, determining proper interest rates, proper determination of internal trade loan program and Preferred Lender Program requirements, proper determination of debt refinance, proper determination of lien perfection, and determining appropriate lender expenses.

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
YES

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Reduction Target has been met for the past two consecutive years

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

ANSWER:

Indicate 'yes' or 'no'	Indicate program needs
N/A	5. Other: Explain

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The agency has met its Improper Payment Rate target for 7(a) Loan Program Guaranty Purchases.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	FY2020 Q2	

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Internal training for purchase processors, reviewers and approvers to determine proper recommendation of guarantee purchase denial, determining proper interest rates, proper exhaustion of lender collection, proper determination of change of ownership requirements, proper determination of debt refinance, proper determination of lien perfection, determining appropriate lender expenses, and determining the appropriate number of days interest owed. Recovery of lender expenses that were not fully justified and deemed ineligible.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	FY2021	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Corrective actions are tracked at the loan level through a centralized database. The two (2) Quality Control Specialists for the 7(a) guaranty purchase centers monitors errors from identification through completion of the corrective action. Headquarters management provides oversight to ensure milestones are met. All improper payments identified as a result of the FY 2020 IPERIA reviews have been resolved through obtaining additional documentation, referral for denial review, collection of funds from the lender, or reimbursement to the lender. Corrective actions were generally completed at the loan level with 60 days with all actions taken by the end of the fiscal year.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

ANSWER:

Indicate compliant or non-compliant	Compliance criteria
Compliant	1. Publish an AFR or PAR
Compliant	2. Conduct Program-Specific Risk Assessment
Compliant	3. Publish Improper Payment Estimates
Compliant	4. Publish Programmatic Corrective Action Plans
Compliant	5. Publish and Meet Annual Reduction Targets
Compliant	6. Report a gross Improper Payment Rate of Less than 10%

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Office of Inspector General's (OIG) report number 20-15, Independent Auditors' Report on the U.S. Small Business Administration's (SBA's) Compliance with the Improper Payments Elimination

and Recovery Act of 2010 (IPERA). We contracted with the independent certified public accounting firm KPMG LLP (KPMG) to perform this engagement in accordance with consulting services standards established by the American Institute of Certified Public Accountants and the standards applicable to performance audits contained in the U.S. Government Accountability Office's (GAO) Government Auditing Standards. The objectives of the engagement were to review the payment integrity section of SBA's Fiscal Year (FY) 2019 Agency Financial Report to determine whether the Agency is in compliance with the Improper Payments Information Act of 2002 (IPIA) as amended. KPMG also evaluated the Agency's (1) accuracy and completeness of reporting and (2) performance in reducing and recapturing improper payments.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
2

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The 7(a) Loan Guaranty Purchase Program was in compliance for FY2020.

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The 7(a) Loan Guaranty Approval Program was in compliance for FY2020.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
NO	N/A	Annually	Annually

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER:

The SBA has implemented the Do Not Pay (DNP) Initiative and incorporated the use of the DNP post payment services using the data source Death Master File.

The agency has also implemented limited use of the online portal for processing of manual 7(a) loan applications as part of pre-award eligibility and will be implementing pre-award eligibility for the Surety Bond Guarantee program.

The SBA is working to enhance its use of the DNP data sources by exploring an interface with SBA systems to identify ineligible recipients at the time of pre-award in lieu of manually entering requests for information as is done currently.

Disaster Loan Disbursements

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

ANSWER:

Performance Appraisal Criteria

meeting applicable improper payments reduction targets
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Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Based on the final Office of Disaster Assistance (ODA) loan disbursements FY2020 Improper Payment statistician results, the ODA FY 2020 improper payment rate estimate of 11.98 percent is more than twice the target reduction rate of 5.32 percent published in the FY 2019 AFR. Thus, the ODA disbursements is considered to not have met the reduction target as the lower bound for its confidence interval under the sampling methodology which meets the 95 percent confidence level, plus or minus 3 percent margin of error guidance, is 125.19 percent greater than the reduction target of 5.32 percent. Also, the FY2020 improper payment rate is a gross Improper Payment Rate of greater than 10%.

Since 2016, the Performance Plans for the Processing and Disbursement Center's Center Director, Deputy Center Director, Assistant Center Director for Application Processing, and Assistant Center Director for Accounts, include a specific results-driven performance critical element tied solely to bringing the

improper payment rate on disbursements for the disaster loan program into compliance. Also, all employees who fall under the mentioned managers, and if they are involved in the loan making or disbursement process, have performance plans that including reducing and eliminating improper payments as a critic element.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

ANSWER:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	5. Failure to Verify: Financial Data	3-Training (how to complete contracts)
NO	5. Failure to Verify: Financial Data	4-Change Process (instructions, checklist, policy)
NO	9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)
NO	9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)
NO	9. Administrative or Process Errors Made by: Federal Agency	Other (free text)

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: For the free text above, the corrective action is to modify/enhance loan processing system.

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Reduction Targets had been met for the previous two consecutive years. This increase was an anomaly. And, the corrective actions stated should reduce the rate to an acceptable level.

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

ANSWER:

Indicate 'yes' or 'no'	Indicate program needs
YES	1. Internal Controls
YES	2. Human Capital
YES	3. Information Systems
NO	4. Resources

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
5. Failure to Verify: Financial Data	1-Automation	FY2020 Q3	

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The actual completion date for above is FY 2020 Q3, Q4.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
5. Failure to Verify: Financial Data	1-Automation	FY2021	
5. Failure to Verify: Financial Data	3-Training (how to complete contracts)	FY2021	

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
9. Administrative or Process Errors Made by: Federal Agency	1-Automation	FY2021	
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	FY2021	
9. Administrative or Process Errors Made by: Federal Agency	4-Change Process (instructions, checklist, policy)	FY2021	
9. Administrative or Process Errors Made by: Federal Agency	Other (free text)	FY2021	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: For the above other correction action plan, the free text should state "Modify/enhance loan processing system".

Corrective actions for specific loans are tracked at the loan level through the Quality Assurance auditing database. The Quality Control Supervisor approves and monitors the completion of the corrective actions. All improper payment identified as a result of the FY 2020 IPERA reviews will have the corrective actions completed by end of FY2021 Quarter 1. Corrective Actions are initiated within 30 days of the completion of the quarterly audit.

To reduce and/or eliminate the occurrence of future improper payments, a Corrective Action Plan will be formulated.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

ANSWER:

Indicate compliant or non-compliant	Compliance criteria
Compliant	5. Publish and Meet Annual Reduction Targets

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: For the most recent OIG Improper Payment compliance review, FY2019, the Disaster loan disbursements review was fully compliant.

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: This question is N/A.

Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Obtain an improper payment rate below the 10% threshold	FY2021		Deputy Associate Administrator for Disaster Assistance	Monthly meetings will occur between the IP team and Production teams to discuss issues and monitor quarterly IP rate	Addressed in performance plan	Addressed in performance plan

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Monthly	Monthly

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The Agency's loan disbursement system does catch names that are on the Death Master list and block those disbursements.

504 CDC Guaranty Approvals

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- Meeting applicable improper payments reduction targets;
- Preventing improper payments from being made; and
- Promptly detecting and recovering improper payments that are made.

ANSWER:

Performance Appraisal Criteria
prevent improper payments from being made

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The focus of SBA's Strategic Goal 4 is to strengthen the SBA's ability to service small businesses. Strategic Objective 4.1 is designed to ensure effective and efficient management of Agency resources, including improving processes for managing fraud, waste, and abuse. The SBA's strategic goals are included in annual performance plans for all of its programs as business objectives and these are also included in employee performance plans. SBA management monitors accomplishments of these business objectives and takes action when progress toward goal achievement is not on target. Executive and management bonuses are based on the accomplishment of business objectives included in employee

annual performance plans. This management process helps assure accountability for the reduction of improper payments.

As a means to reduce and/or eliminate the occurrence of future improper payments, a Corrective Action Plan has been formalized for the 504 approval center. Specific corrective actions are determined based upon the primary reason for the improper payment with the purpose of remedying the cause of the improper payment to ensure that improper payments do not recur.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

ANSWER:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
YES

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Reduction Target has been met for the past two consecutive years

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

ANSWER:

Indicate 'yes' or 'no'	Indicate program needs
N/A	5. Other: Explain

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The agency has met its Improper Payment Rate target for 504 Loan Program Guaranty Approvals.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)	FY2020 Q2	

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The improper payment rate of 0.56 percent does not exceed the 1.5 percent threshold for reporting a corrective action plan.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)	FY2021	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Collaborating with the Office of Credit Risk Management to ensure specific lender deficiencies are monitored and incorporated into Risk Based Reviews; and External training for lenders to ensure appropriate documentation is obtained and analyzed prior to loan approval and to ensure that Eligible Passive Company policy requirements are met.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

ANSWER:

Indicate compliant or non-compliant	Compliance criteria
Compliant	1. Publish an AFR or PAR
Compliant	2. Conduct Program-Specific Risk Assessment
Compliant	3. Publish Improper Payment Estimates
Compliant	4. Publish Programmatic Corrective Action Plans
Compliant	5. Publish and Meet Annual Reduction Targets
Compliant	6. Report a gross Improper Payment Rate of Less than 10%

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Office of Inspector General's (OIG) report number 20-15, Independent Auditors' Report on the U.S. Small Business Administration's (SBA's) Compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA). We contracted with the independent certified public accounting firm KPMG LLP (KPMG) to perform this engagement in accordance with consulting services standards established by the American Institute of Certified Public Accountants and the standards applicable to performance audits contained in the U.S. Government Accountability Office's (GAO) Government Auditing Standards. The objectives of the engagement were to review the payment integrity section of SBA's Fiscal Year (FY) 2019 Agency Financial Report to determine whether the Agency is in compliance with the Improper Payments Information Act of 2002 (IPIA) as amended. KPMG also evaluated the Agency's (1) accuracy and completeness of reporting and (2) performance in reducing and recapturing improper payments.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
2

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The 504 Loan Guaranty Approval Program was in compliance for FY2020.

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The 504 Loan Guaranty Approval Program was in compliance for FY2020.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
NO	N/A	Annually	Annually

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER:

The SBA has implemented the Do Not Pay (DNP) Initiative and incorporated the use of the DNP post payment services using the data source Death Master File.

The agency has also implemented limited use of the online portal for processing of manual 7(a) loan applications as part of pre-award eligibility and will be implementing pre-award eligibility for the Surety Bond Guarantee program.

The SBA is working to enhance its use of the DNP data sources by exploring an interface with SBA systems to identify ineligible recipients at the time of pre-award in lieu of manually entering requests for information as is done currently.

7(a) Guaranty Approvals

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities

(where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- Meeting applicable improper payments reduction targets;
- Preventing improper payments from being made; and
- Promptly detecting and recovering improper payments that are made.

ANSWER:

Performance Appraisal Criteria
prevent improper payments from being made

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The focus of SBA's Strategic Goal 4 is to strengthen the SBA's ability to service small businesses. Strategic Objective 4.1 is designed to ensure effective and efficient management of Agency resources, including improving processes for managing fraud, waste, and abuse. The SBA's strategic goals are included in annual performance plans for all of its programs as business objectives and these are also included in employee performance plans. SBA management monitors accomplishments of these business objectives and takes action when progress toward goal achievement is not on target. Executive and management bonuses are based on the accomplishment of business objectives included in employee annual performance plans. This management process helps assure accountability for the reduction of improper payments.

As a means to reduce and/or eliminate the occurrence of future improper payments, a Corrective Action Plan has been formalized for the 7(a) loan guaranty approval centers. Specific corrective actions are determined based upon the primary reason for the improper payment with the purpose of remedying the cause of the improper payment to ensure that improper payments do not recur.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

ANSWER:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
YES

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Reduction Target has been met for the past two consecutive years

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

ANSWER:

Indicate 'yes' or 'no'	Indicate program needs
N/A	5. Other: Explain

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The agency has met its Improper Payment Rate target for 7(a) Loan Program Guaranty Approvals.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)	FY2020 Q2	

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Collaborating with the Office of Credit Risk Management (OCRM) to ensure specific lender deficiencies are monitored and incorporated into Risk Based Reviews; Collaborating with the Office of Financial Assistance (OFA) to ensure that any associated deficiencies are incorporated into any policy, regulatory, or standard operating procedure rewrite or update; External training for lenders on policy requirements governing change of ownership, requirements governing cash injection, application of

collateral, policy requirements governing loan structure, and appropriate documentation to determine loan program eligibility.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
2. Inability to Authenticate Eligibility: Inability to Access Data	3-Training (how to complete contracts)	FY2021	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Corrective actions for specific loans are tracked at the loan level through a centralized database. The Quality Control Specialist for 7(a) loan guaranty approvals monitors errors from identification through completion of the corrective actions. OFPO management Headquarters provides oversight to ensure milestones are met. All improper payment identified as a result of the FY 2020 IPERA reviews have been resolved through a reduction or cancellation of the loan guaranty. In general, corrective actions were generally completed without having to refer the loan for further review. Corrective Actions are initiated within 120 days and all corrective actions taken in this fiscal year.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

ANSWER:

Indicate compliant or non-compliant	Compliance criteria
Compliant	1. Publish an AFR or PAR
Compliant	2. Conduct Program-Specific Risk Assessment
Compliant	3. Publish Improper Payment Estimates
Compliant	4. Publish Programmatic Corrective Action Plans
Compliant	5. Publish and Meet Annual Reduction Targets
Compliant	6. Report a gross Improper Payment Rate of Less than 10%

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Office of Inspector General's (OIG) report number 20-15, Independent Auditors' Report on the U.S. Small Business Administration's (SBA's) Compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA). We contracted with the independent certified public accounting firm KPMG LLP (KPMG) to perform this engagement in accordance with consulting services standards established by the American Institute of Certified Public Accountants and the standards applicable to performance audits contained in the U.S. Government Accountability Office's (GAO) Government Auditing Standards. The objectives of the engagement were to review the payment integrity section of SBA's Fiscal Year (FY) 2019 Agency Financial Report to determine whether the Agency is in compliance with the Improper Payments Information Act of 2002 (IPIA) as amended. KPMG also evaluated the Agency's (1) accuracy and completeness of reporting and (2) performance in reducing and recapturing improper payments.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
2

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The 7(a) Loan Guaranty Approval Program was in compliance for FY2020.

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The 7(a) Loan Guaranty Approval Program was in compliance for FY2020.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
NO	N/A	Annually	Annually

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER:

The SBA h

The SBA has implemented the Do Not Pay (DNP) Initiative and incorporated the use of the DNP post payment services using the data source Death Master File.

The agency has also implemented limited use of the online portal for processing of manual 7(a) loan applications as part of pre-award eligibility and will be implementing pre-award eligibility for the Surety Bond Guarantee program.

The SBA is working to enhance its use of the DNP data sources by exploring an interface with SBA systems to identify ineligible recipients at the time of pre-award in lieu of manually entering requests for information as is done currently.

Supplemental Disaster Relief Administrative Funds - Travel

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: N/A – No areas of non-compliance identified in the OIG audits for travel.

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: N/A – No areas of non-compliance identified in the OIG audits for travel.

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: N/A – No areas of non-compliance identified in the OIG audits for travel.

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: N/A – No areas of non-compliance identified in the OIG audits for travel.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	NO	Annually	Annually

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER:

There has not been anyone on the list for travel identified to have improper payments.

Supplemental Disaster Relief Administrative Funds - Payroll

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: N/A – No areas of non-compliance identified in the OIG audits for payroll.

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: N/A – No areas of non-compliance identified in the OIG audits for payroll.

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: N/A – No areas of non-compliance identified in the OIG audits for payroll.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
NO	N/A	Annually	Annually

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: