

Payment Integrity Scorecard

Program or Activity
7(a) Guaranty Approvals

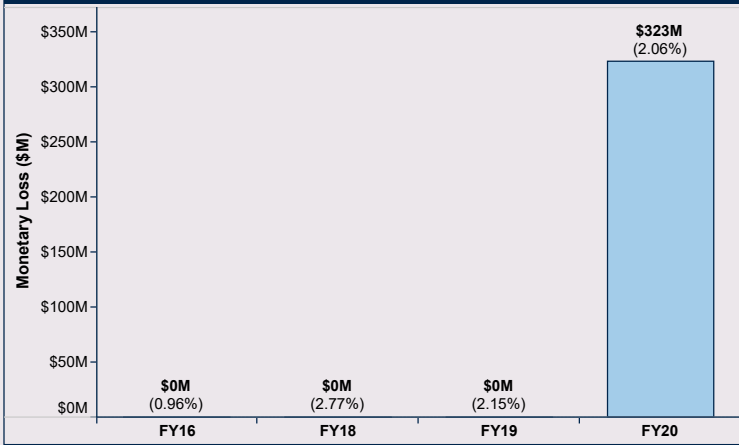
Reporting Period
Q3 2021

Change from Previous FY (\$M) **\$323M**

SBA
7(a) Guaranty Approvals

Brief Program Description:
7(a) Loan Program, SBA's most common loan program, includes financial help for small businesses with special requirements. Loans can be used for real estate, working capital, refinancing business debt, and purchasing furniture, fixtures, and supplies

Monetary Loss (\$M)
(Overpayment as Percentage of Total Outlays)



Key Milestones	Status	ECD
1 Develop mitigation strategies to get the payment right the first time	On-Track	Sep-21
2 Evaluate the ROI of the mitigation strategy	On-Track	Sep-21
3 Determine which strategies have the best ROI to prevent cash loss	On-Track	Sep-21
4 Implement new mitigation strategies to prevent cash loss	On-Track	Sep-21
5 Analyze results of implementing new strategies	On-Track	Dec-21
6 Achieved compliance with PIIA	On-Track	Mar-22
7 Identified any data needs for mitigation	On-Track	Sep-21

Goals towards Reducing Monetary Loss	Status	ECD
1 Q3 2021 Improper payments identified as a result of the FY2020 reviews are resolved through reduction or cancellation of the loan guaranty, or obtaining documentation. Corrective actions are initiated within 120 days and completed within the fiscal year.	On-Track	Sep-21

Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 Recovery Activity	There is no monetary loss on loan approvals. SBA will continue to obtain loan documentation to mitigate or eliminate improper payments.	Reduction or cancellation of loan guaranty to mitigate or eliminate improper payment.

Accomplishments in Reducing Monetary Loss		Date
1	Developed Corrective Action Plan for 7(a) Loan Program Approval Centers	Sep-20
2	Identification of tolerable Improper Payment Rate for 7(a) Loan Program Approvals of 2.05 percent.	Sep-20
3	Resolved improper payments that were identified in FY 2020 by reduction or cancellation of the loan guaranty, or obtaining appropriate documentation.	Sep-20

Amt(\$)	Root Cause of Monetary Loss	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
N/A	Failure to verify: other eligibility data	Delegated lenders' failure to authenticate borrowers' eligibility with loan program requirements, including lack of appropriate documentation for eligibility, change of ownership, loan structure, affiliation, valuation, and cash injection.	Training	External training for lenders on policy requirements governing change of ownership, cash injection, application of collateral, loan structure, and appropriate documentation to determine loan program eligibility in order to generate greater compliance

Monetary Loss - Monetary loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.