

Payment Integrity Scorecard

Program or Activity
504 Certified Development
Company Guaranty Approvals

Reporting Period
Q4 2021

Change from Previous FY (\$M)

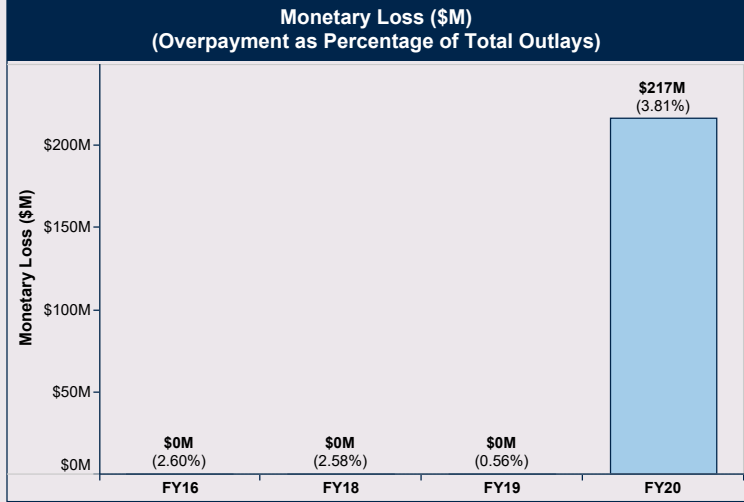
\$217M



SBA
504 Certified Development Company Guaranty
Approvals

Brief Program Description:
SBA's 504 Loan Program provides long-term, fixed rate financing of up to \$5 million for major fixed assets that promote business growth and job creation. 504 loans are available through Certified Development Companies (CDCs).

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



Goals towards Reducing Monetary Loss	Status	ECD
1 Q4 2021 Improper payments identified in FY2020 reviews have been resolved through obtaining appropriate documentation or modification of the loan. Corrective actions were generally completed within 180 days with all actions taken by end of 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	There is no monetary loss on loan approvals. SBA will continue to obtain loan documentation to mitigate or eliminate improper payments.	N/A. There is no monetary loss the the federal government in the 504 loan approval program.
2	There is no monetary loss on loan approvals. SBA will continue to work with lenders/CDCs to modify loan terms to mitigate or eliminate improper payments.	
3	There is no monetary loss on loan approvals. SBA will continue to work with lenders/CDCs to modify loan terms to mitigate or eliminate improper payments.	

Accomplishments in Reducing Monetary Loss	Date
1 Developed Corrective Action Plan for 504 Loan Program Approval Center.	Mar-21
2 Reduction in Improper Payment Rate from FY2020 to FY2021.	Mar-21
3 Resolved improper payments that were identified in FY2020 by obtaining additional documentation, or by modification of the loan.	Mar-21

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	CDCs' failure to authenticate borrowers' eligibility at origination in compliance with loan program requirements, as a result of lack of documentation to verify eligibility and non-compliance with SBA loan program requirements.	Training	Internal collaboration to ensure CDC deficiencies are monitored and incorporated into lenders' Risk Based Reviews. CDCs will be made aware of non-compliance in those review reports. External training for lenders to ensure appropriate documentation.

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