

# Payment Integrity Scorecard

**Program or Activity**

7(a) Loan Guarantees Approvals

**Reporting Period**

Q2 2023

**FY 2022 Overpayment Amount (\$M)\***

**\$298**

\*Estimate based a sampling time frame starting 4/2021 and ending 3/2022



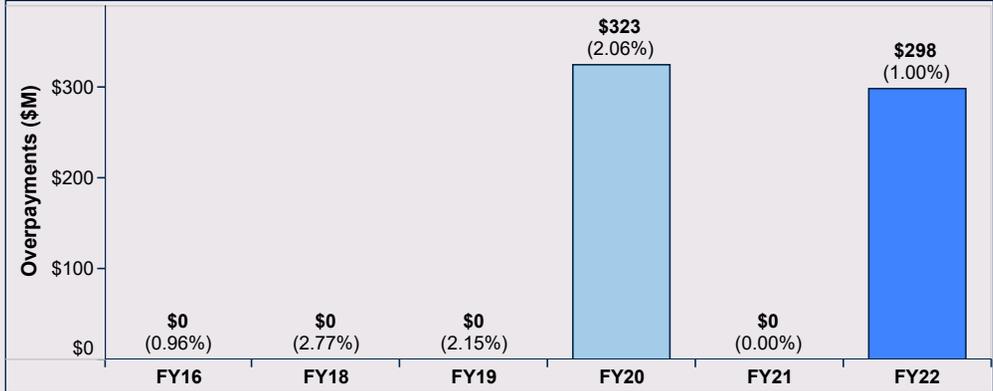
**SBA**

7(a) Loan Guarantees Approvals

**Brief Program Description & summary of overpayment causes and barriers to prevention:**

The 7(a) Loan program is the SBA's most common loan program. The 7(a) Loan program provides small businesses with short- and long-term working capital, capital to refinance current business debt, and capital for specific business expenditures. For payment integrity reporting, the 7(a) Loan program is bifurcated into 7(a) Loan Guaranty Approvals and 7(a) Loan Guaranty Purchases. 7(a) Loan Guaranty Approvals describes the loan guaranty approval process.

**Historical Payment Rate and Amount (\$M)  
(Overpayment as Percentage of Total Outlays)**



**Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments**

To reduce and/or eliminate the occurrence of future improper payments, a Corrective Action Plan has been developed for the 7(a) loan guaranty approval centers. Specific corrective actions are determined based upon the primary reason for the error with the purpose of both remedying the error and to prevent recurrence. Plans for improvement include the following: • Collaborating with the Office of Credit Risk Management (OCRM) to inform the office of specific lender deficiencies for further monitoring and potential incorporation into Risk Based Reviews; • Collaborating with the Office of Financial Assistance (OFA) to inform the office of deficiencies identified for potential incorporation into policy, regulatory, or standard operating procedure rewrite or update; and • External training for lenders on policy requirements governing eligibility, and appropriate loan structure.

**Accomplishments in Reducing Overpayment**

**Date**

1	The FY 2022 improper payment rate estimate of 1.00 percent for the 7(a) loan guaranty approval program is less than the target reduction rate of 1.93 percent from FY 2021.	Oct-22
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7(a) Loan Guarantees Approvals

**Reporting Period**  
Q2 2023

Goals towards Reducing Overpayments	Status	ECD
1 Reducing the IP and UP estimates	On-Track	Sep-23

Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 <b>Recovery Activity</b>	All improper payments identified through the FY2022 PIIA reviews have been resolved through recommendations to reduce or cancel the loan guaranty or referral to other offices. Corrective actions were generally completed without having to refer the loan for further review.	Improper payments identified through the FY 2022PIIA reviews have been resolved through obtaining additional documentation, or cancellation or reduction of the loan guaranty and/or referral to other offices within the Office of Capital Access, as appropriate.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
<b>\$298M</b>	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	SBA identified the primary root cause as Statutory Requirements of Program Were Not Met. In order to fit into categories in the OMB data-call, SBA identified a secondary root cause as Inability to Access Data/Information. SBA maintains that the primary root cause is correct.	Training – teaching a particular skill or type of behavior; refreshing on the proper processing methods.	Improper payments identified through the FY 2021 PIIA reviews have been resolved through obtaining additional documentation, or cancellation or reduction of the loan guaranty and/or referral to other offices within the Office of Capital Access, as appropriate.