

# Payment Integrity Scorecard

**Program or Activity**  
Paycheck Protection Loan Program (PPP)

**Reporting Period**  
Q2 2023

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

**\$12,529**

\*Estimate based a sampling time frame starting 10/2020 and ending 3/2022

**SBA** SBA  
Paycheck Protection Loan Program (PPP)

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

The CARES Act established the Paycheck Protection Loan Program to provide economic relief to small businesses and incentivize small businesses to keep their workers on the payroll because of the COVID-19 pandemic. The PPP loans can be forgiven if the funds are used for payroll costs, interest on mortgages, rent, utilities, or other eligible expenses.

**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**

The SBA reviews borrower eligibility (including whether the borrower had been debarred; whether the borrower had defaulted on federal debt within the last seven years; whether the borrower had been convicted of a felony involving fraud, bribery, or embezzlement; whether the borrower was incarcerated; and whether the borrower was a U.S. citizen) and reviews documentation to determine whether the borrower's business was in operation. Borrowers that were not eligible based on these eligibility criteria were denied forgiveness. The SBA also reviews documentation to determine whether borrowers had eligible expenses during the covered period, and, if so, in what amount. If a borrower had eligible expenses that did not equal the amount of the loan disbursed, that portion of the loan used for eligible expenses could be forgiven.

**Accomplishments in Reducing Overpayment**

**Date**

1 The estimated rate of 1.83 percent improper payments and 2.41 percent in unknown payments totals 4.24 percent, which is below the 10% compliance threshold.

Oct-22

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Goals towards Reducing Overpayments		Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Reducing the IP and UP estimates	On-Track	Sep-23	1 <b>Recovery Activity</b>	If the SBA determines that the borrower was not eligible or the loan amount was incorrect, the payment is considered to be improper, the PPP loan is no longer deferred, and the borrower must begin paying principal and interest.	In its review of the loan, if the SBA determines that the loan is not eligible for forgiveness (in whole or in part), the borrower must begin paying principal and interest.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$12,529M	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.	Overpayments occur if a PPP loan (1) exceeds the borrower's eligibility, (2) cannot be supported through documentation, or (3) was not used for purposes permitted by statute. If the loan is not eligible for full or partial forgiveness, the borrower must repay the loan.