

Payment Integrity Scorecard

Program or Activity
Paycheck Protection Loan Program (PPP)

Reporting Period
Q3 2023

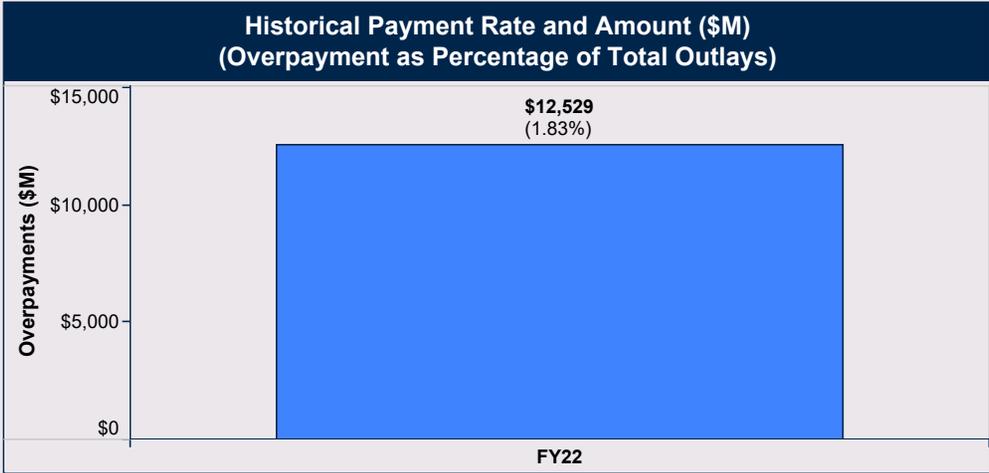
FY 2022 Overpayment Amount (\$M)* **\$12,529**

*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.



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

SBA reviews PPP loan forgiveness requests as they are submitted to determine whether loan approvals and disbursements were proper or improper. The loan review process consists of automated screenings and manual reviews of selected loans to test for compliance with program requirements and evaluate the accuracy of borrowers' self-certifications and material representations. When a PPP forgiveness application is submitted, SBA reviews borrower eligibility, including whether the borrower had been debarred; whether the borrower had defaulted on federal debt within the last 7 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. SBA also reviews documentation submitted with a forgiveness application to determine whether the borrower 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. Insufficient eligible expenses or expenses that were not eligible were not forgiven. SBA will continue to review PPP loans forgiveness to assess borrower eligibility and forgiveness amount.

Accomplishments in Reducing Overpayment		Date
1	PPP ended on May 31, 2021. No loans were awarded after the program ended. SBA's continued work at reducing improper payments includes the review of forgiveness requests. For FY2022, the estimated rate of 1.83% improper payments and 2.41% unknown payments totaled 4.24%.	Jun-23

Payment Integrity Scorecard

Program or Activity Paycheck Protection Loan Program (PPP)	Reporting Period Q3 2023
--	------------------------------------

Goals towards Reducing Overpayments	Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 SBA's goal is to reduce the level of improper payments or, through the review process, prevent the occurrence of improper payments. SBA continues to review PPP forgiveness requests as they are submitted to determine whether loan approvals and disbursements were proper or improper. SBA's goal is also to resolve those PPP loan payments identified as Unknown Payments. SBA has actively pursued data gathering and review of those data to determine whether Unknown payments are proper or improper.	On-Track	Sep-23	1 Recovery Activity	When PPP forgiveness request is submitted, SBA reviews eligibility and documentation to determine whether the borrower had eligible expenses during the covered period, and, if so, how much. SBA will continue to review PPP forgiveness to assess borrower eligibility and amount	In accordance with regulation, if a loan is partially forgiven, or forgiveness denied, the remaining balance on the loan must be repaid by the loan maturity date. If the borrower did not submit a forgiveness application by 5/12/22, the borrower must begin making payments.

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.	(Part 1 of 3) The root cause for all PPP loan improper payments was Statutory Requirements of Program Were Not Met. The most prevalent causes were as follows: • The loan amount to a borrower exceeded the borrower's eligibility; (Part 2 of 3) • A lack of supporting documentation; and • Ineligible business type. Although the SBA identified the primary root cause to be Statutory Requirements of Program Were Not Met, (Part 3 of 3) in order to comply with the root causes identified in the OMB data-call, the SBA further identified a secondary root cause of Inability to Access Data/Information. SBA maintains that the primary root cause is correct.	Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies. Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies. Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.	(Part 1 of 3) SBA will not conduct an Audit, but will continue its Recovery Activity of monitoring self-reported overpayments, statistical samples conducted under PIIA, and agency post-payment reviews. (Part 2 of 3) When performing PPP loan reviews, the SBA reviews borrower eligibility, PPP loan amounts and use of proceeds, and loan forgiveness amounts. (Part 3 of 3) SBA will continue to review PPP loans forgiveness to assess borrower eligibility and forgiveness amount.