

INTERNAL CONTROL STATEMENT

The SBA has a variety of monitoring and review activities that support its internal controls. These include lender oversight, follow-up of OIG and GAO audits, and other management oversight and review activities. The Office of Analysis, Planning and Accountability, in the OCFO, help the SBA program managers and promote internal controls throughout the Agency.

The SBA has been proactive in improving its internal control program, requiring the active involvement of field and headquarters managers. This year, the Annual Assertion Checklist was revised, and senior headquarters managers submitted to the CFO assertion letters on the status of their respective organizations' internal controls. The managers employ various tools in their internal control assessments. In FY 2004, the Internal Control Checklist became mandatory as the basis for the drafting of annual letters of assertion. The managers' assertions take into account the results of various internal control methods employed by their organizations and discuss corrective actions taken on any weaknesses identified by the GAO, OIG, or through the local internal control process.

Each year, the Office of Field Operations (OFO) reviews the assertion letters from the field managers to ensure that any areas of concern noted by these managers, and any reported trends, were incorporated into the Agency's internal control efforts. Based on its review of the field assertion letters, the OFO provides comments to the CFO. The CFO reviews the OFO comments and the assertion letters from the senior headquarters managers to determine whether outstanding audit issues were adequately addressed and whether each manager took the appropriate corrective action.

The SBA's OIG conducts audits and reviews of the Agency's operations and its financial reports. The OCFO works closely with SBA management and the OIG to complete actions necessary to respond to recommendations in final audit reports issued by the OIG. Managers receive and analyze audit reports and provide timely responses to the OIG and the OCFO, taking corrective action when appropriate. The OCFO tracks the completion of these audit recommendations. The OCFO also posts on the SBA's intranet the status of all open OIG recommendations.

The GAO conducts audits and reviews of Agency programs and operations. Some of the reports contain specific recommendations for improving Agency program delivery and operations. All GAO audits are scheduled through the Office of Congressional and Legislative Affairs, which tracks replies to the GAO and Congress.

Management of the SBA works with the OIG to develop the Agency's Management Challenges and actions needed to address the challenges. The OCFO tracks the completion of these action items and posts the status of the Management Challenges on the SBA's intranet for managers' information.

Strong internal controls promote sound stewardship through more effective working relationships with the SBA's resource partners. The internal control program also provides both internal and external parties assurance that the SBA programs and activities are administered soundly and taxpayer funds are used responsibly.