

## SBA OIG Recovery Act Oversight Plan

### Agency Plans and Public Reporting

<b>Project Title:</b>	<b>Objectives:</b>	<b>Source:</b>
Assessment of Agency Recovery Act Plans	<ul style="list-style-type: none"> <li>▪ Assess whether the Agency has developed an agency wide plan, as well as plans for each program named in ARRA</li> <li>▪ Determine whether the recovery plans include all of the reporting elements specified by OMB guidelines</li> </ul>	OMB Guidance §§ 2.7- 2.8, Appendix 3
SBA's Compliance with Public Reporting Requirements	<ul style="list-style-type: none"> <li>▪ Determine whether SBA has created a portal where the public can find and analyze information and report potential fraud, waste and abuse pertaining to the Recovery Act</li> <li>▪ Determine whether SBA is timely submitting weekly and monthly financial reports to OMB that fulfill OMB reporting requirements</li> <li>▪ Assess data quality controls to ensure reporting is complete and accurate</li> </ul>	OMB Guidance §§ 2.1, 2.4-2.6, 2.10, 2.21; Bulletin No. 09-02

### Governance and Risk Management

<b>Project Title:</b>	<b>Objectives:</b>	<b>Source:</b>
Semi-annual Review of Agency Progress and Issues Surrounding SBA's Implementation of ARRA	<ul style="list-style-type: none"> <li>▪ Determine whether SBA is making sufficient progress in implementing ARRA</li> <li>▪ Assess the risk impact of any delays</li> </ul>	Self-initiated
Evaluation of Applicability of the Single Audit Act to Microloans and CDCs	<ul style="list-style-type: none"> <li>▪ Determine whether SBA has performed a risk analysis of the 504 and microloan programs in deciding whether these programs should be designated as Single Audit major programs</li> </ul>	OMB Guidance §§ 5.6-5.7
Critical Unresolved Audit Recommendations in Program Areas Funded by the Recovery Act	<ul style="list-style-type: none"> <li>▪ Determine whether SBA has taken appropriate action to address weaknesses or deficiencies disclosed by prior audits related to program areas funded by the Recovery Act and related activities needed to safeguard funds, including:                             <ul style="list-style-type: none"> <li>▪ Credit programs</li> <li>▪ Grant and contract administration</li> <li>▪ Information technology and financial management</li> </ul> </li> </ul>	OMB Guidance § 3.10

## SBA OIG Recovery Act Oversight Plan

### Governance and Risk Management (continued)

Project Title:	Objectives:	Source:
SBA's Risk Mitigation Plans for Eliminating/Reducing Fees on SBA Loans and Increasing the SBA Guaranty Share	<ul style="list-style-type: none"> <li>▪ Evaluate whether SBA's risk mitigation plans appropriately identify and address all risk areas required by OMB for each of the following programs:               <ul style="list-style-type: none"> <li>▪ Eliminating/reducing fees on SBA loans (§ 501)</li> <li>▪ Increasing the SBA guaranty share on 7(a) loans (§ 502)</li> <li>▪ Secondary market guaranty authority for 504 loans (§ 503)</li> <li>▪ Refinancing debt on 504 loans (§ 504)</li> <li>▪ Expanding leverage capacity of Small Business Investment Companies (§ 505)</li> <li>▪ Business stabilization loan program (§ 506)</li> <li>▪ Expanding the surety bond program (§ 508)</li> <li>▪ Loans to secondary market broker-dealers (§ 509)</li> <li>▪ Expansion of the microloan program</li> </ul> </li> </ul>	ARRA §§ 501-506, 508-509; OMB Guidance §§ 3.6-3.13

### Budget Execution

Project Title:	Objectives:	Source:
KPMG Audit of SBA's FY 2009 Financial Statements - Statement of Budgetary Resources	<ul style="list-style-type: none"> <li>▪ Determine whether SBA has adequate controls in place to provide reasonable assurance that ARRA funds are properly controlled and that the ARRA budget process is executed in accordance with Federal guidance</li> <li>▪ Determine whether SBA's OCFO has established general ledger accounts to properly track recovery fund activity and has properly accounted for fixed administrative costs</li> <li>▪ Determine whether recorded spending authority from offsetting collections are available for obligation and referenced to the appropriate authorizing legislation</li> </ul>	OMB Guidance §§ 4.2-4.19

## SBA OIG Recovery Act Oversight Plan

### Grants

Project Title:	Objectives:	Source:
Audit of Grants for Technical Assistance in the Microloan Program	<ul style="list-style-type: none"> <li>▪ Determine whether SBA officials are awarding and administering grants for technical assistance in a manner that will result in meaningful and measurable outcomes</li> <li>▪ Evaluate adequacy of safeguards to ensure that funds are used for their intended purpose</li> <li>▪ Assess the timeliness of awards and whether SBA has initiated additional oversight to mitigate additional risks associated with the Recovery Act</li> </ul>	OMB Guidance §§ 5.1, 5.6
KPMG Audit of SBA's FY 2009 Financial Statements - Grant Expenses Testwork	<ul style="list-style-type: none"> <li>▪ Determine whether SBA performs internal control assessments to evaluate the risk of waste, fraud, and/or abuse and identifies strategies to prevent and timely detect waste, fraud, and abuse in grants</li> <li>▪ Determine whether SBA has a system of quality controls for accrued grant liabilities in the financial statement footnotes</li> <li>▪ Validate the accuracy of accrual amounts for a statistical sample of grants</li> </ul>	OMB Guidance §§ 5.2, 5.4-5.7, 5.9

### Contracts

Project Title:	Objectives:	Source:
Award and Administration of ARRA Related Contracts	<ul style="list-style-type: none"> <li>▪ Determine whether SBA has awarded contracts under ARRA in a manner that maximizes opportunities for small businesses to compete and that maximizes competition</li> <li>▪ Evaluate whether ARRA contracts are being administered in a way that mitigates cost, schedule, and performance risks and delivers meaningful and measurable outcomes</li> </ul>	OMB Guidance §§ 3.8, 6.1
SBA Controls Over \$20 Million in IT Expenditures under ARRA	<ul style="list-style-type: none"> <li>▪ Determine whether proper acquisition, planning, and oversight controls have been deployed</li> <li>▪ Determine whether proper reporting of solicitation and contract awards has occurred</li> </ul>	OMB Guidance §§ 6.1-6.5
Acquisition Workforce at SBA	<ul style="list-style-type: none"> <li>▪ Evaluate whether the SBA acquisition workforce is adequately trained, certified, and equipped to meet the Agency's needs for awarding and administering contracts under ARRA</li> </ul>	OMB Guidance §§ 3.8, 6.1, 6.6
SBA Use of the Federal Procurement Data System - Next Generation	<ul style="list-style-type: none"> <li>▪ Determine whether SBA is properly reporting contract actions related to ARRA in FPDS-NG</li> </ul>	OMB Guidance §§ 1.5, 2.6

## SBA OIG Recovery Act Oversight Plan

### Loans and Loan Guaranties

Project Title:	Objectives:	Source:
Quarterly Reviews of Loans Made Under the Recovery Act	<ul style="list-style-type: none"> <li>▪ Determine whether loans were originated and closed in accordance with SBA's rules and regulations and commercially prudent lending standards, to include:               <ul style="list-style-type: none"> <li>▪ 7(a) loans</li> <li>▪ 504 loans that include refinancing</li> <li>▪ Business stabilization loans</li> </ul> </li> </ul>	ARRA §§ 501, 502, 504, 506
Quarterly Review of ARRA's Impact on Increased Lending and Secondary Market Liquidity	<ul style="list-style-type: none"> <li>▪ Analyze lender participation, market characteristics, early defaulted loans, and liquidity levels to determine effectiveness of ARRA provisions</li> </ul>	Self-initiated
KPMG Audit of SBA's FY 2009 Financial Statements - Credit Receivables - Loan guaranties	<ul style="list-style-type: none"> <li>▪ Determine whether SBA has adequate controls in place over guaranteed loan approvals, purchases, modifications and charge-offs.</li> </ul>	ARRA § 502; OMB Guidance §§ 7.1, 7.3-7.6
Periodic Review of the Use of SBA's Secondary Market Authority on 504 Loans	<ul style="list-style-type: none"> <li>▪ Determine whether SBA has established an adequate process for evaluating applications for guaranties on pools of 504 first lien loans</li> <li>▪ Determine whether SBA's guaranties were properly applied to 504 loans and the pools of guaranteed loans were sold to third party investors</li> </ul>	ARRA § 503
Purchase Reviews of Guaranties on Pools of First Lien Position 504 Loans	<ul style="list-style-type: none"> <li>▪ Determine whether the purchase review process adequately identifies compliance issues that would impact SBA's guaranties</li> </ul>	ARRA § 503
Impact and Use of Increased SBIC Leverage	<ul style="list-style-type: none"> <li>▪ Determine whether SBICs are using increased leverage for the purposes directed by ARRA</li> <li>▪ Assess the impact of increased leverage on small businesses</li> <li>▪ Determine whether commonly controlled SBICs have exceeded maximum outstanding leverage limits</li> </ul>	ARRA § 505
Audit of Prior Approval and PSB Sureties	<ul style="list-style-type: none"> <li>▪ Determine whether surety bond guarantees approved by Prior Approval and PSB Sureties under ARRA are issued in accordance with SBA's policies and standards accepted by the surety industry</li> <li>▪ Determine whether claims paid on surety bond guarantees approved under ARRA were allowable, allocable, and reasonable</li> </ul>	ARRA Title V; § 508
Quarterly Reviews of the Quality of Underwriting on Loans to Secondary Market Broker-Dealers	<ul style="list-style-type: none"> <li>▪ Determine whether loans were originated and closed in accordance with SBA program policies and procedures and commercially prudent lending standards</li> </ul>	ARRA § 509
Semi-annual Reviews of Proceed Use by Secondary Market Broker-Dealers	<ul style="list-style-type: none"> <li>▪ Determine whether borrowers used loan proceeds to finance their inventory of government guaranteed loans</li> </ul>	ARRA § 509

## SBA OIG Recovery Act Oversight Plan

### Loans and Loan Guaranties (continued)

Project Title:	Objectives:	Source:
Audit of SBA's Microloan Program Expansion Under ARRA	<ul style="list-style-type: none"> <li>▪ Determine whether loans were originated and closed in accordance with SBA program policies and procedures</li> <li>▪ Determine whether intermediaries provided management, marketing, and technical assistance in accordance with SBA requirements</li> <li>▪ Determine whether SBA has taken effective risk mitigation actions to minimize unnecessary program losses</li> </ul>	ARRA Title V
SBA's Response to the Increased Oversight Requirements of ARRA	<ul style="list-style-type: none"> <li>▪ Assess actions taken by SBA to increase oversight of programs created or modified by ARRA</li> <li>▪ Determine the adequacy of onsite lender and CDC reviews</li> </ul>	OMB Guidance §§ 7.1, 7.3
Quarterly Audits of Purchased Loans Made Under the Recovery Act	<ul style="list-style-type: none"> <li>▪ Determine whether purchased loans were originated, closed, and liquidated in accordance with SBA's rules and regulations and commercially prudent lending standards, to include:               <ul style="list-style-type: none"> <li>▪ 7(a) loans</li> <li>▪ 504 loans that include refinancing</li> <li>▪ Business stabilization loans</li> </ul> </li> </ul>	ARRA §§ 501, 502, 504, 506

## SBA OIG Recovery Act Oversight Plan

### Additional Activities

Project Title:	Objectives:	Source:
Ongoing Monitoring of SBA's ARRA Implementation Plan	<ul style="list-style-type: none"> <li>▪ Obtain and document weekly briefings with SBA officials</li> </ul>	Self-initiated
OIG Consultation with the Agency on ARRA Program Plans and Implementing Rules and Guidance	<ul style="list-style-type: none"> <li>▪ Identify strategies to prevent or timely detect waste, fraud or abuse</li> <li>▪ Evaluate and comment on SBA's program plans, regulations, and procedures for new programs created by ARRA, including:               <ul style="list-style-type: none"> <li>▪ Secondary market guaranty authority for 504 loans</li> <li>▪ Business stabilization program</li> <li>▪ Loans to secondary market broker-dealers</li> </ul> </li> <li>▪ Evaluate whether program outputs and outcomes are clear and measurable</li> <li>▪ Evaluate and comment on SBA's proposed modifications to regulations and procedures for existing programs, including:               <ul style="list-style-type: none"> <li>▪ Eliminating/reducing loan fees</li> <li>▪ Increasing guarantee shares</li> <li>▪ Refinancing debt on 504 loans</li> <li>▪ Expanding leverage capacity for SBICs</li> </ul> </li> </ul>	ARRA §§ 501-506, 509; OMB Guidance §§ 2.8, 7.3, 7.4
Outreach Activities	<ul style="list-style-type: none"> <li>▪ Inform the SBA lending community about the impacts of ARRA on SBA programs and OIG's perspective on increased areas of risk (NAGGL and NADCO)</li> </ul>	