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Comptroller General
of the United States

Accessible Version

May 15, 2023

The Honorable Isabella Casillas Guzman
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Priority Open Recommendations: Small Business Administration

Dear Administrator Guzman:

The purpose of this letter is to provide an update on the overall status of the Small Business Administration's (SBA) implementation of GAO's recommendations and to call your continued attention to areas in which open recommendations should be given high priority.¹ In November 2022, we reported that, on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.² SBA's implementation rate was 100 percent for recommendations made 4 years ago.³ As of April 2023, SBA had 45 open recommendations. Fully implementing these open recommendations could significantly improve agency operations.

Since our June 2022 letter, SBA implemented eight of the 15 open priority recommendations. Specifically:

- In November 2022, SBA reported an estimated improper payment amount and error rate for the Paycheck Protection Program (PPP). This addressed one recommendation from our November 2020 report, and helps SBA better address the improper payments it reported.⁴
- SBA developed and implemented a data analytics and loan anomaly detection tool to detect potential fraud among pandemic-related loans and advances for the Economic

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or duplication issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2022*, [GAO-23-900398](#) (Washington, D.C.: Nov. 15, 2022).

³SBA's implementation rate in 2020 and 2021 for recommendations made 4 years prior also was 100 percent.

⁴GAO, *COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response*, [GAO-21-191](#) (Washington, D.C.: Nov. 30, 2020).

Injury Disaster Loan (EIDL) program—thereby addressing one recommendation from our January 2021 report.⁵

- SBA developed fraud risk assessments for its PPP and EIDL programs, which included identifying potential risks to the programs that exceeded SBA's risk tolerances. Additionally, SBA developed and began implementing a plan to review nonperforming loans and servicing requests (e.g., loan modifications) in its EIDL program. By taking these measures, SBA addressed three recommendations from our March 2021 report.⁶
- SBA revised the disaster action plan template for the Disaster Loan Program to include critical elements the agency identified in its review of existing SBA disaster assistance plans, as we recommended in a February 2020 report evaluating SBA's response to major hurricanes in 2017.⁷
- SBA established procedures and new checks that provide reasonable assurance that state grantees will meet certain legal requirements for providing matching export promotion funding, thereby addressing two recommendations from our March 2019 report.⁸

We ask for your continued attention to the remaining priority recommendations. We also are adding six new priority recommendations this year. These recommendations are related to COVID-19 pandemic response programs, cybersecurity, and annual reporting practices. This brings the total number of priority recommendations to 13. See enclosure for the list of recommendations.

SBA's 13 priority recommendations fall into the following five areas:

Improving oversight and communication for COVID-19 pandemic response.

Since March 2020, SBA has provided billions of dollars in loans and grants through programs designed to help businesses harmed by the COVID-19 pandemic. But SBA initially implemented the programs with fewer safeguards and without fully assessing and managing fraud and other risks. Additionally, SBA's financial statement auditor reported in November 2022 that material weaknesses remained in SBA's controls over two programs—PPP and EIDL. SBA also did not communicate key information to potential and actual applicants. SBA has taken a number of actions that put the agency in a better position to protect the integrity of its emergency lending programs than when these programs began. For example, SBA implemented an oversight plan for PPP loans, which included automated and manual screening of loans for noncompliance with eligibility requirements and for fraud and abuse. SBA also implemented a data analytics tool for the EIDL program and conducted fraud risk assessments for PPP and EIDL.

⁵GAO, *COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention*, [GAO-21-265](#) (Washington, D.C.: Jan. 28, 2021).

⁶GAO, *COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year*, [GAO-21-387](#) (Washington, D.C.: Mar. 31, 2021).

⁷GAO, *Small Business Administration: Disaster Loan Processing Was Timelier, but Planning Improvements and Pilot Program Evaluation Needed*, [GAO-20-168](#) (Washington, D.C.: Feb. 7, 2020).

⁸GAO, *Small Business Administration: Export Promotion Grant Program Should Better Ensure Compliance with Law and Help States Make Full Use of Funds*, [GAO-19-276](#) (Washington, D.C.: Mar. 12, 2019).

Moving forward, fully implementing the six priority recommendations, such as by developing a comprehensive strategy for communicating with potential and actual program applicants in the event of a large-scale disaster such as the COVID-19 pandemic, and developing strategies to address assessed fraud risks for specific programs, would improve SBA's ability to safeguard billions of taxpayer dollars and to provide assistance more effectively. Taking these actions also would help the agency better prepare to implement future emergency lending or grant programs.

Enhancing disaster recovery efforts.

Disasters affect numerous American communities and cause billions of dollars of damage. Some communities, such as low-income communities, also may face barriers in accessing the recovery assistance that SBA and other federal agencies provide. We identified three priority recommendations for SBA in this area: document risks associated with its disaster response as well as plans to mitigate these risks, implement an interagency plan to support federal agencies involved in disaster recovery, and coordinate with other agencies to design and establish processes across recovery programs that address access barriers and disparate outcomes. Taking these actions would improve SBA's ability to implement its disaster recovery efforts, including in coordination with other key federal partners.

Improving export promotion operations.

Small businesses and exports are important in supporting U.S. economic growth. The federal government provides assistance to U.S. exporters, especially small businesses, to help them overcome challenges to selling their goods and services abroad. The one priority recommendation in this area calls for SBA to take measures to expand the Office of International Trade field staff as required by the Small Business Jobs Act of 2010. If implemented, this recommendation would help SBA more effectively assist small business exporters.

Addressing cybersecurity challenges.

The large amount of personally identifiable information federal agencies collect for government programs and the increasing sophistication of the technology they use to collect this information highlights the importance of strong programs for ensuring privacy protections. The one priority recommendation in this area calls for SBA to fully define and document a process for ensuring the agency's privacy official is involved in assessing and addressing the hiring, training, and professional development needs of the agency with respect to privacy. Fully implementing this recommendation would help SBA more consistently and effectively implement key practices for its privacy program.

Meeting reporting requirements in a more timely manner.

Annual reporting by agencies on federal programs can help agencies meet their statutory responsibilities and inform congressional decision-making and oversight. We identified two priority recommendations in this area. The first calls for SBA to take steps to improve the timeliness of its annual reports to Congress on the Small Business Innovation Research and Small Business Technology Transfer programs. The second calls for SBA to assess and address delays in annual reporting for the 8(a) Business Development Program. Fully implementing these two recommendations would help the agency provide more timely information that would aid Congress's oversight of the programs.

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In April 2023, we issued our biennial update to our [High-Risk List](#). This list identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement. It also identifies the need for transformation to address economy, efficiency, or effectiveness challenges.⁹ One of our high-risk areas—[emergency loans for small businesses](#)—centers directly on SBA.

Several other government-wide, high-risk areas also have direct implications for SBA and its operations. These include (1) [improving the management of IT acquisitions and operations](#), (2) [improving strategic human capital management](#), (3) [managing federal real property](#), (4) [ensuring the cybersecurity of the nation](#),¹⁰ and (5) the [government-wide personnel security clearance process](#).

We urge your attention to the SBA and other government-wide, high-risk issues as they relate to SBA. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, Office of Management and Budget, and the leadership and staff in agencies, including within SBA. In March 2022, we issued a report on key practices to successfully address high-risk areas, which can be a helpful resource as your agency continues to make progress to address high-risk issues.¹¹

In addition to your continued attention on these issues, Congress plays a key role in providing oversight and maintaining focus on our recommendations to ensure they are implemented and produce their desired results. Legislation enacted in December 2022 includes a provision for GAO to identify any additional congressional oversight actions that can help agencies implement priority recommendations and address any underlying issues relating to such implementation.¹²

There are various strategies Congress can use in addressing our recommendations, such as incorporating them into legislation. Congress can also use its budget, appropriations, and oversight processes to incentivize executive branch agencies to act on our recommendations and monitor their progress. For example, Congress can hold hearings focused on SBA's progress in implementing GAO's priority recommendations, withhold funds when appropriate, or take other actions to provide incentives for agencies to act. Moreover, Congress could follow up during the appropriations process and request periodic updates. Congress also plays a key role in addressing any underlying issues related to the implementation of these recommendations. For example, Congress could pass legislation providing an agency explicit authority to implement a recommendation or requiring an agency to take certain actions to implement a recommendation.

⁹GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023).

¹⁰With regard to cybersecurity, we also urge you to use foundational risk-management practices for supply chains set forth in our December 2020 report: GAO, *Information Technology: Federal Agencies Need to Take Urgent Action to Manage Supply Chain Risks*, [GAO-21-171](#) (Washington, D.C.: Dec. 15, 2020).

¹¹GAO, *High-Risk Series: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List*, [GAO-22-105184](#) (Washington, D.C.: Mar. 3, 2022).

¹²James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, § 7211(a)(2), 136 Stat. 2395, 3668 (2022); H.R. Rep. No. 117-389 (2022) (accompanying Legislative Branch Appropriations Act, H.R. 8237, 117th Cong. (2022)).

Copies of this report are being sent to the Director of the Office of Management and Budget and the appropriate congressional committees. In addition, the report will be available on the GAO website at <http://www.gao.gov>.

I appreciate SBA's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in the letter, please do not hesitate to contact me or Daniel Garcia-Diaz, Managing Director, Financial Markets and Community Investment, at (202) 512-8678 or garciadiazd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all 45 open recommendations, as well as those additional recommendations in the high-risk areas for which SBA has a leading role. Thank you for your attention to these matters.

Sincerely yours,

A handwritten signature in black ink, reading "Gene L. Dodaro". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Gene L. Dodaro

Comptroller General of the United States

Enclosure

cc: The Honorable Shalanda Young, Director, Office of Management and Budget

Arthur Plews, Chief of Staff

Kate Aaby, Associate Administrator, Office of Performance, Planning, and the Chief Financial Officer

Erica Gaddy, Deputy Chief Financial Officer, Office of Performance, Planning, and the Chief Financial Officer

Steve Kucharski, Acting Chief Information Officer, Office of the Chief Information Officer

Peggy Delinois Hamilton, Special Counsel for Enterprise Risk

Patrick Kelley, Associate Administrator, Office of Capital Access

Francisco Sanchez Jr., Associate Administrator, Office of Disaster Recovery & Resilience

Gabriel Esparza, Associate Administrator, Office of International Trade

Enclosure Priority Open Recommendations to the Small Business Administration (SBA)

Improving oversight and communication for COVID-19 pandemic response

COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year. GAO-21-387. Washington, D.C.: March 31, 2021.

Year Recommendation Made: 2021

Recommendation: The Administrator of the Small Business Administration should develop a strategy that outlines specific actions to address assessed fraud risks in the Economic Injury Disaster Loan (EIDL) program on a continuous basis.

Action Needed: SBA agreed with this recommendation, stating that it would work to ensure continuous monitoring of fraud risks. Although SBA created an action plan for fraud risk management and other review and oversight plans, as of February 2023 it had not developed a fraud risk management strategy for EIDL that meets the criteria in our Fraud Risk Framework. For example, the plans and summary documents SBA provided do not establish clear timelines for implementing risk-management activities or communicating antifraud strategies to employees and other stakeholders. To fully implement this recommendation, SBA would have to develop a strategy that meets the framework's criteria. Doing so would help the agency better identify and manage fraud risks for EIDL and inform future emergency lending and grant programs.

Recommendation: The Administrator of the Small Business Administration should develop a strategy that outlines specific actions to monitor and manage fraud risks in the Paycheck Protection Program (PPP) on a continuous basis.

Action Needed: SBA agreed with this recommendation, stating that it would work to ensure that fraud risks were monitored continuously. Although SBA created an action plan for fraud risk management and other review and oversight plans, as of February 2023 it had not developed a risk-management strategy for PPP that meets criteria in our Fraud Risk Framework. For example, various plans and summary documents SBA provided do not establish clear timelines for implementing such activities or communicate PPP antifraud strategies to employees and other stakeholders. To fully implement this recommendation, SBA would have to develop a strategy that meets the framework's criteria. Doing so would help the agency identify and better manage fraud risks for PPP and inform future emergency lending programs.

High-Risk Area: Emergency Loans for Small Businesses

Director: William B. Shear, Financial Markets and Community Investment

Contact Information: shearw@gao.gov or (202) 512-8678

Economic Injury Disaster Loan Program: Additional Actions Needed to Improve Communication with Applicants and Address Fraud Risks. GAO-21-589. Washington, D.C.: July 30, 2021.

Year Recommendation Made: 2021

Recommendation: The Associate Administrator of SBA's Office of Disaster Assistance should develop a comprehensive strategy for communicating with potential and actual program applicants in the event of a disaster. Such a strategy should provide guidelines for the types of information and timing of information to be provided to program participants throughout a disaster. The types of information to be addressed in the strategy could include processing steps and time frames applicants might experience through different stages of the loan process.

Action Needed: SBA agreed with the recommendation and stated the agency planned to develop a comprehensive strategy for communicating with potential and actual disaster loan applicants, including about loan processing steps and time frames. In February 2023, SBA stated that the development of a new disaster loan application portal had been underway since early 2022. SBA stated the new portal would include improved messaging features that permit applicants to receive immediate status updates and to submit questions to loan processing teams on a safe and secure portal versus communicating through emails. SBA did not provide a time frame for implementation of the portal. To fully implement this recommendation, SBA would have to complete the implementation of this portal, as well as provide documentation of a comprehensive strategy for communicating with potential and actual disaster loan applicants. Such efforts to enhance communication would help reduce applicant confusion and lessen the burden on SBA's resources to address this confusion.

High-Risk Area: Emergency Loans for Small Businesses

Director: William B. Shear, Financial Markets and Community Investment

Contact Information: shearw@gao.gov or (202) 512-8678

Restaurant Revitalization Fund: Opportunities Exist to Improve Oversight. GAO-22-105442. Washington, D.C.: July 14, 2022.

Year Recommendation Made: 2022

Recommendation: The Associate Administrator for the Office of Capital Access should develop and implement data analytics across Restaurant Revitalization Fund (RRF) awards as a means to detect potentially fraudulent award recipients.

Action Needed: SBA partially agreed with this recommendation. In January 2023, SBA indicated it planned to execute data analytics across the RRF portfolio and report on the results by March 2023. SBA also indicated the Office of Financial Program Operations planned to incorporate the results of its data analytics report into its post-award review procedures. To fully implement this recommendation, SBA would have to complete this review and implement the results. Doing so would help the agency more effectively detect potential fraud in the program.

Recommendation: The Associate Administrator for the Office of Capital Access should develop, document, and implement procedures to use enforcement data on suspected fraud in other SBA programs, such as PPP, to identify potential fraud in RRF recipients.

Action Needed: SBA disagreed with this recommendation, indicating its current process already addresses the intent of the recommendation. According to SBA, as of January 2023, the agency was already reviewing RRF awards that have a flagged PPP loan to confirm eligibility and compliance with use of funds requirements. To fully implement this recommendation, SBA would have to provide documentation of its efforts, including documentation that it used law

enforcement data. Doing so would allow the RRF program to leverage enforcement data from other SBA programs so that the Office of Capital Access could more effectively identify potential fraud among RRF recipients.

Recommendation: The Associate Administrator for the Office of Capital Access should develop and implement a plan to respond to potentially fraudulent and ineligible RRF awards in a prompt and consistent manner. This plan should include coordinating with the SBA Office of Inspector General (OIG) to align efforts to address fraud.

Action Needed: SBA disagreed with this recommendation. In January 2023, SBA stated the agency routinely responds to document requests from enforcement agencies and follows standard operating procedures to refer suspicious activity to the SBA OIG. To fully implement this recommendation, SBA would have to develop and implement a plan to respond to potentially fraudulent and ineligible awards promptly, rather than wait until award recipients certified they spent their entire award or submitted their final use-of-funds report. Furthermore, SBA would need to provide documentation of procedures for referring suspicious activity to its OIG. Addressing this recommendation would allow SBA to recover funds from potentially fraudulent or ineligible award recipients in a timely manner and help ensure the efficient use of OIG resources.

Potential Financial Benefit If Implemented: Millions of dollars

Director: William B. Shear, Financial Markets and Community Investment

Contact Information: shearw@gao.gov or (202) 512-8678

Enhancing disaster recovery efforts

Small Business Administration: Disaster Loan Processing Was Timelier, but Planning Improvements and Pilot Program Evaluation Needed. [GAO-20-168](#). Washington, D.C.: February 7, 2020.

Year Recommendation Made: 2020

Recommendation: The Associate Administrator for the Office of Disaster Assistance should identify and document risks associated with its disaster response and plans to mitigate these risks in its disaster planning documentation.

Action Needed: SBA agreed with the recommendation. SBA noted that relevant agency offices would collaborate to identify and document known risks associated with SBA's disaster response and implement a risk-informed approach to its direct response and recovery operations. According to SBA, the agency has been meeting regularly with its Office of Continuous Operations and Risk Management, and expects to fully incorporate regional risks in its 2023 Disaster Preparedness and Recovery Plan. This effort was ongoing as of February 2023. To fully implement this recommendation, SBA would have to complete its efforts to identify and incorporate risks into its Disaster Preparedness and Recovery Plan and other relevant planning documentation. Doing so would help SBA better respond to challenges that arise during its disaster response efforts.

Director: William B. Shear, Financial Markets and Community Investment

Contact Information: shearw@gao.gov or (202) 512-8678

Disaster Recovery: Additional Actions Needed to Identify and Address Potential Recovery Barriers. [GAO-22-104039](#). Washington, D.C.: December 15, 2021.

Year Recommendation Made: 2022

Recommendation: The SBA Associate Administrator of the Office of Disaster Assistance should, in coordination with the Federal Emergency Management Agency (FEMA) Administrator and the Housing and Urban Development (HUD) Assistant Secretary for Community Planning and Development, develop, with input from key recovery partners, and implement an interagency plan to help ensure the availability and use of quality information that includes (1) information requirements, (2) data sources and methods, and (3) strategies for overcoming information challenges—to support federal agencies involved in disaster recovery in identifying access barriers or disparate outcomes.

Action Needed: SBA agreed with this recommendation. In March 2023, SBA officials told us that they hold monthly, interagency meetings with officials from FEMA and HUD to assess and overcome privacy data-sharing constraints across agencies directly serving disaster survivors. SBA officials also told us that their Office of Capital Access has been formalizing a process to map information requirements and strategies for overcoming data-related challenges. As of April 2022, SBA began collecting voluntarily provided demographic information from disaster loan applications, which would improve the availability of demographic data about loan applicants. However, to fully address the recommendation, SBA (with FEMA and HUD) would need to develop and implement a documented, interagency plan that specifies the data needed, and sources and methods for obtaining the data. Such a plan would help SBA identify and address potential access barriers in its own programs and across federal programs.

Recommendation: The SBA Associate Administrator of the Office of Disaster Assistance should coordinate with the FEMA Administrator and the HUD Assistant Secretary for Community Planning and Development to design and establish routine processes to be used within and across federal recovery programs to address identified access barriers and disparate outcomes on an ongoing basis.

Action Needed: SBA agreed with this recommendation. In March 2023, SBA officials told us they participate in a subgroup of the Recovery Support Function Leadership Group that is focused on equity in federal recovery efforts. SBA officials also said that SBA, FEMA, and HUD have committed to providing technical assistance to federal agencies involved in disaster recovery to build tools that would allow them to share and use data to support their equity efforts. To fully implement this recommendation, SBA needs to provide evidence it has designed and institutionalized routine processes within and across federal recovery programs to address identified access barriers and disparate outcomes on an ongoing basis. Without routine processes, disaster recovery programs lack a mechanism to ensure they can address any potential access barriers or disparate outcomes they might identify, particularly if those barriers or disparate outcomes arise from the interaction between or among programs.

Director: Chris P. Currie, Homeland Security and Justice

Contact Information: curriec@gao.gov or (404) 679-1875

Improving export promotion operations

Export Promotion: Small Business Administration Needs to Improve Collaboration to Implement Its Expanded Role. [GAO-13-217](#). Washington, D.C.: January 30, 2013.

Year Recommendation Made: 2013

Recommendation: To more effectively implement SBA's expansion of Office of International Trade field staff as required by the Small Business Jobs Act of 2010, the Administrator of SBA should update SBA's plan for additional Office of International Trade staff to include funding sources and time frames, as well as possible efficiencies from clearly defining roles and responsibilities and leveraging other entities' export assistance resources.

Action Needed: SBA agreed with this recommendation. As of January 2023, SBA said the Office of International Trade had 23 Export Finance Manager positions filled. The office reported it increased the number of exporters and lenders receiving export counseling and training in each of the past 2 years by leveraging technology. As a result, and drawing on its own analysis and factoring in consolidation of the banking sector into regional and national lenders, the Office of International Trade believes that the current number adequately fills the export finance needs of small businesses across the country. However, SBA remains seven positions short of the statutory requirement. To fully implement this recommendation, SBA would need to expand the Office's field staff to 30 specialists. Doing so would expand its export finance program and allow the agency to meet statutory requirements.

Director: Kimberly Gianopoulos, International Affairs and Trade

Contact Information: gianopoulosk@gao.gov or (202) 512-8612

Addressing cybersecurity challenges

Privacy: Dedicated Leadership Can Improve Programs and Address Challenges. [GAO-22-105065](#). Washington, D.C.: September 22, 2022.

Year Recommendation Made: 2022

Recommendation: The Administrator of SBA should fully define and document a process for ensuring that the senior agency official for privacy or other designated privacy official is involved in assessing and addressing the hiring, training, and professional development needs of the agency with respect to privacy.

Action Needed: SBA agreed with our recommendation and stated it was developing plans to address it as of February 2023. To fully implement the recommendation, SBA needs to complete and implement those plans. Fully implementing the recommendation would help the agency more consistently and effectively identify staffing needs and ensure a well-qualified privacy workforce.

Director: Jennifer Franks, Information Technology and Cybersecurity, Center for Enhanced Cybersecurity

Contact Information: franksj@gao.gov or (404) 679-1831

Director: Marisol Cruz Cain, Information Technology and Cybersecurity
Contact Information: cruzcaim@gao.gov or (202) 512-5017

Meeting reporting requirements in a more timely manner

Small Business Research Programs: Reporting on Award Timeliness Could Be Enhanced. [GAO-23-105591](#). Washington, D.C.: October 12, 2022.

Year Recommendation Made: 2023

Recommendation: The Administrator of the Small Business Administration should develop, document, and execute a plan to (1) identify actions that could improve timely publication of its annual report to Congress, and (2) implement the actions identified.

Action Needed: SBA agreed with this recommendation. As of April 2023, SBA stated that it assessed and made changes to its data-gathering process for the annual report and planned to complete a more robust assessment to identify further actions to improve the timeliness of report publication. To fully implement the recommendation, SBA would need to complete its assessment and implementation of changes and provide documentation to this effect. Fully implementing this recommendation would help Congress oversee agencies' Small Business Innovation Research and Small Business Technology Transfer awards.

Director: Candice Wright, Science, Technology Assessment, and Analytics

Contact Information: WrightC@gao.gov or (202) 512-6888

Small Business Administration: Recent Changes to the 8(a) Program's Financial Thresholds Need Evaluation. [GAO-22-104512](#). Washington, D.C.: August 30, 2022.

Year Recommendation Made: 2022

Recommendation: The Associate Administrator of SBA's Office of Government Contracting and Business Development should assess the process for producing Section 408 reports in light of identified delay-causing factors and use the results of the analysis to identify potential operational efficiencies and develop a plan to address report delays, including revising procedures as needed and developing time frames for report submission.

Action Needed: SBA agreed with this recommendation. In March 2023, SBA stated that it had assessed the Section 408 report process to determine how it can be revised to reduce or eliminate reporting delays. SBA also stated that it planned to document the procedures for the Section 408 report process by late June 2023. To fully implement this recommendation, SBA would need to provide documentation of its assessment, its plans to address report delays, and Section 408 procedures. Fully implementing this recommendation would facilitate report production, help SBA meet its statutory responsibilities, and give Congress more timely information to inform its decision-making and oversight.

Director: William B. Shear, Financial Markets and Community Investment

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