

Appendices



SUCCESS STORY: Loyal Customers Provide Business Base

Tammy's Tack & Western Wear,
Fort Pierre, South Dakota



Tammy Jean Tolton grew up on a farm on the Cheyenne River Sioux Reservation. After two of their children were diagnosed with autism, Tammy and her husband were faced with overwhelming financial and medical challenges. They moved to Ft. Pierre where Tammy began to help a friend in her western store. She loved helping customers with their unique requests and doing all she could to ensure that the store provided the best service possible.

When a business deal to buy the store fell apart, Tammy was faced with wondering what to do next. Her loyal customers gave her the solution: start her own store and they would follow. Tammy wondered how she could do this with minimum inventory, maximum customer support, and limited funding. That is what brought her to an SBA Small Business Development Center.

Tammy had already set so many things in motion, her dream became a reality. Inventory was ordered based on loyal vendor relationships who took the orders on trust. Rent space was secured, and the landlord began renovating based on his respect for Tammy and her reputation in the community.

A Cheyenne River Sioux Tribe Community Development Financial Institution (CDFI) and a Crow Creek CDFI were available for funding. As Tammy was a tribal member of the Eagle Butte Community, she was also eligible for that funding. Tammy spent weeks meeting with loan officers, taking required prequalifying courses, and developing a business plan with the Small Business Development Center. On opening day she finished stocking shelves and arranging product, and at 9:00 a.m. the doors opened. "I have a stellar business plan and Tammy's Tack & Western Wear LLC could not have done this alone," she said.

APPENDIX 1 - CONTACT SBA: USEFUL SITES AND NUMBERS

The SBA home page is www.sba.gov. Information on SBA programs may be accessed from this site. Several of the more frequently visited sites are listed here:

SBA INFORMATION	
About SBA	www.sba.gov/about-sba
SBA Performance, Budget and Planning	www.sba.gov/performance
SBA Strategic Plan	www.sba.gov/AgencyStrategicPlan
Business USA	http://business.usa.gov/
STARTING AND MANAGING A BUSINESS	
What is a Small Business?	www.sba.gov/content/am-i-small-business-concern
Thinking about starting a business?	http://www.sba.gov/thinking-about-starting/
Resources	
Local Assistance	www.sba.gov/local-assistance
Lender Resources	www.sba.gov/lender_resources
Financing Growth	www.sba.gov/content/financing-growth
Explore Exporting	www.sba.gov/exporting
Health Care	www.sba.gov/healthcare
LOANS, GRANTS and FUNDING	
Small Business Loans	www.sba.gov/financialassistance
Surety Bonds	www.sba.gov/content/surety-bonds-explained
Tax Exempt Bonds	www.sba.gov/content/tax-exempt-bonds
Venture Capital	www.sba.gov/content/venture-capital#
Grants	www.sba.gov/content/facts-about-government-grants
CONTRACTING	
Government Contracting	www.sba.gov/contracting
Contracting Opportunities	www.sba.gov/contracting-opportunities
Register as a Contractor	www.sam.gov
Size Standards	www.sba.gov/size
ADVISING, MENTORING, and TRAINING	
SBA Learning Center	www.sba.gov/training
Small Business Development Centers	www.sba.gov/sbdc
Women's Business Centers	www.sba.gov/content/womens-business-centers
SCORE Business Mentors	www.sba.gov/score
Veterans Outreach	www.sba.gov/content/veterans-business-outreach-centers

DISASTER ASSISTANCE	
Disaster Assistance	www.sba.gov/disaster
Disaster Area Office Locations	www.sba.gov/about-offices-list/4
Response Office Locations for a Declared Disaster	Go to www.sba.gov/content/current-disaster-declarations and then select the disaster/affected area in question
FEMA Information	www.fema.gov
ADDITIONAL RESOURCES	
Office of Advocacy	www.sba.gov/advocacy
Office of the National Ombudsman	www.sba.gov/ombudsman
Office of the Inspector General	www.sba.gov/oig

Facebook: www.facebook.com/sbagov

Twitter: www.twitter.com/sbagov

YouTube: www.youtube.com/sba

SBA National Answer Desk (Toll Free) (800) 827-5722

Disaster Customer Service Center (Toll Free) (800) 659-2955

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BusinessUSA was one of six winners of the *2014 Igniting Innovation Award*, which recognizes government and industry individuals and teams who bring innovative thinking to IT products, services, systems, and solutions that benefit the federal government and citizens.

APPENDIX 2 - GLOSSARY

(Available at: www.sba.gov/performance, FY 2014 Agency Financial Report)

504	504 Certified Development Loan Program. Provides small businesses with long-term, fixed-rate financing for the purchase of land, buildings, and long-life capital equipment.	BD	made by private entities for activities to assist small business. Business Development. The Office of Business Development uses SBA's statutory authority to provide business development and federal contract support to small disadvantaged firms.
7(a)	7(a) Loan Guaranty Program. SBA's primary loan program, provides general loan financing for a wide variety of purposes.	BLIF	Business Loan and Investment Fund. Fund operated by the U.S. Department of the Treasury to maintain the accounting records of loans approved prior to 1992.
8(a)	8(a) Business Development Program. Assists firms owned and controlled by socially and economically disadvantaged individuals to enter and succeed in the economic mainstream.	CAPLine	Part of the SBA 7(a) loan program which helps small businesses meet their short-term and cyclical working capital needs.
7(m)	7(m) Microloan Program. Provides small, short-term loans to small business concerns and certain types of non-profit child-care centers.	CBJ	Congressional Budget Justification. A federal agency's annual budget request to Congress.
A-123	Designation for OMB Circular on Internal Control Systems. It prescribes policies and procedures to be followed by executive departments and agencies in establishing, maintaining, evaluating, improving, and reporting on internal controls in their program and administrative activities.	CDC	Certified Development Company. Refers to the Section 504 Certified Development Company debenture program.
AARP	Association for the Advancement of Retired Persons.	CFO	Chief Financial Officer. The CFO is responsible for the financial leadership of the Agency, including responsibility for all Agency disbursements, management, and coordination of Agency planning, budgeting, analysis, and accountability processes.
AFR	Agency Financial Report. One of the annual PAR reports.	CIO	Chief Information Officer. The CIO is responsible for the management of information technology for the Agency, including the design, implementation, and continuing successful operation(s) of information programs and initiatives.
APR	Annual Performance Report. Required by the Government Performance and Results Act, it presents a federal agency's progress in achieving the goals in its strategic plan and performance budget.	COBOL	Common Business-Oriented Language. A computer programming language designed for business applications.
BATF	Business Assistance Trust Fund. A trust fund in the U.S. Treasury maintained to receive and account for donations		

COTS	Commercial Off-The-Shelf. Software or hardware products that are ready-made and available for sale to the public.	FISMA	Federal Information Security Management Act. A law that defines a comprehensive framework to protect government information, operations, and assets against natural or man-made threats.
CSAM	Cyber Security Assessment and Management.	FMFIA	Federal Managers Financial Integrity Act. A law that primarily requires ongoing evaluations and reports on the adequacy of the internal accounting and administrative control systems of executive agencies. It also requires evaluations and reports on the conformance of financial management systems.
DCIA	Debt Collection Improvement Act.	FTA	The SBA Fiscal Transfer Agent is the agent tasked with the responsibility to administer each SBA Pool or Individual Certificate. It is to maintain a registry of Registered Holders and other information as the SBA requires.
DCMS	Disaster Credit Management System. The electronic system used to process loan applications for all new disaster declarations.	FTE	Full Time Equivalent. Indicates the workload of an employed person; an FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time.
DLF	Disaster Loan Fund. Assists eligible small businesses impacted by disasters.	FY	Fiscal Year. The federal government fiscal year begins October 1 and ends the following September 30.
ELA	Electronic Loan Application.	GAO	U.S. Government Accountability Office. The audit, evaluation, and investigative arm of Congress.
FCRA	Federal Credit Reform Act. A law enacted to provide a more realistic picture of the cost of U.S. government direct loans and loan guaranties.	GC/BD	Office of Government Contracting and Business Development. Works to create an environment for maximum participation by small, disadvantaged, and women-owned business in federal government contract awards and large prime subcontract awards.
FECA	Federal Employees' Compensation Act. Provides compensation benefits to federal civilian employees and to their surviving dependents for work-related injuries or illnesses.	GSA	General Services Administration. A federal agency of the Executive Branch whose mission is to deliver the best value in real estate, acquisition, and technology services to government and the American people.
FERS	Federal Employees Retirement System. A three-tiered retirement plan for federal employees hired after 1984, composed of Social Security benefits, a basic benefit plan, and contributions to a TSP.		
FFMIA	Federal Financial Management Improvement Act. A law that requires each agency to implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the USSGL.		
FICA	Federal Insurance Contributions Act. A law requiring a deduction from paychecks and income that goes toward the Social Security program and Medicare.		

HUBZone	Historically Underutilized Business Zone. SBA program that encourages economic development by the establishment of federal contract award preferences for small businesses located in historically underutilized business zones.	MAS	The GSA Multiple Award Schedule.
		MD&A	Management's Discussion and Analysis. The MD&A is required supplementary information for federal financial statements and is designed to provide a high level overview of the Agency.
IIP	Incremental Improvement Project. Information technology projects intended to upgrade existing financial software and application modules in SBA's Loan Accounting System.	MRA	Master Reserve Account. SBA's fiscal agent maintains this escrow fund to facilitate the operation of the Certified Development Company program.
IPIA	Improper Payment Information Act. A federal law enacted in 2002 to identify and reduce erroneous payments in the government's programs and activities.	MRF	Master Reserve Fund. SBA's fiscal and transfer agent maintains this reserve fund to facilitate the operation of the 7(a) secondary market program.
IT	Information Technology. Refers to matters concerned with the design, development, installation, and implementation of information systems and applications.	NAICS	North American Industry Classification System.
		NIST	National Institute of Standards and Technology. An agency of the U.S. Department of Commerce.
IV&V	Independent Validation and Verification. An IV&V review executes independent procedures by a third party that are used for checking that a model, product, service, or system meets requirements and specifications and that it fulfills its intended purpose. IV&V reviews of SBA's Office of Financial Analysis and Modeling financial models are conducted to assure that they are accurate and properly functioning.	OCA	Office of Capital Access. The SBA office responsible for small business loans, lender oversight, and the surety bond program.
		OCFO	Office of the Chief Financial Officer. Responsible for the financial leadership of the Agency, including all Agency disbursements, management, and coordination of Agency planning, budgeting, analysis, and accountability processes.
JAAMS	Joint Administrative Accounting Management System.	OCRM	Office of Credit Risk Management. SBA office that manages program credit risk, monitors lender performance, and enforces lending program requirements.
Jobs Act	Small Business Jobs Act of 2010. Most often referred to as the Jobs Act in SBA documents, may also be referred to as SBJA.	ODA	Office of Disaster Assistance. SBA office that promotes economic recovery in disaster ravaged areas. SBA disaster loans are the primary form of federal assistance for non-farm, private sector disaster losses for individuals and businesses.
LAS	Loan Accounting System. SBA's loan origination servicing and disbursement system.	OFA	Office of Financial Assistance. SBA office that administers various loan programs to assist small businesses.
LMAS	Loan Management and Accounting System. Financial management system that supports loan accounting.		

OFPO	Office of Financial Program Operations. Leads the financial services industry in quality products and services to SBA partners and customers, and to protect the integrity of SBA programs.	PCECGF	Pollution Control Equipment Contract Guaranty Fund. Supports costs associated with the credit portfolio of pre-October 1991 pollution control equipment loans and guaranties being liquidated by the SBA.
OHRS	Office of Human Resources Solutions. Develops and provides innovative human capital strategies. The office advises SBA management with respect to selecting, developing, and managing a high quality, productive workforce.	POA&M	Plan of Action and Milestones.
OIC	Office of Internal Controls. Office within the Office of the Chief Financial Officer that has the lead in ensuring managers comply with internal control standards.	PPS	Probability Proportional to Size.
OIG	Office of Inspector General. Conducts and supervises audits, inspections, and investigations relating to SBA programs and operations.	QA	Quality Assurance. Functions to assure that project deliverables meet SBA's requirements and quality standards.
OMB	U .S. Office of Management and Budget. White House office that oversees preparation of the federal budget and supervises its administration in Executive Branch agencies.	QAR	Quality Assurance Review.
OPM	U.S. Office of Personnel Management. The federal government's human resources agency.	RGDP	Real Gross Domestic Production.
OPM&CFO	Office of Performance Management and Chief Financial Officer. Conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems, internal controls, and acquisitions.	SAM	System for Award Management. The federal government system that tracks grant awards.
ORACLE	The accounting program used by SBA's Administrative Accounting Division.	SBA	U.S. Small Business Administration. A federal agency of the Executive Branch whose mission is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters.
PAR	Performance and Accountability Report. Annual report that presents financial, budgetary, and performance information to OMB, Congress, and the public.	SBAExpress	Provides selected lenders with a 50 percent guaranty on loans in exchange for the ability to primarily use their own application and documentation forms, making it easier and faster for lenders to provide small business loans of \$350,000 or less.
		SBDC	Small Business Development Center program. SBDCs provide management and technical assistance, economic development, and management training to existing and prospective small businesses through cooperative agreements with universities and colleges and government organizations.
		SBG	Surety Bond Guarantee program. Provides guaranties, bid, performance, and payment bonds for contracts up to \$2.0 million for eligible small businesses that cannot obtain surety bonds through regular commercial channels.

SBGRF	Surety Bond Guaranty Revolving Fund. All the contractor and surety fees collected by the SBA are deposited in the SBGRF at the U.S. Department of the Treasury, which is used to pay claims.	SOP	Standard Operating Procedure. SOPs are the primary source of the Agency's internal control.
SBIC	Small Business Investment Company. Provides long-term loans, debt-equity investments, and management assistance to small businesses, particularly during their growth stages.	SPFI	Summary of Performance and Financial Information. One of three annual financial and performance reports required of federal agencies.
SBIR	Small Business Innovation Research program. A highly competitive SBA program that encourages domestic small businesses to engage in federal research/Research and Development (R/R&D) that has the potential for commercialization.	STEP	State Trade and Export Promotion program or grant. A pilot export initiative to make matching-fund awards to states to help small businesses enter and succeed in the international marketplace.
SBJA	Small Business Jobs Act of 2010. Most often referred to as the Jobs Act in SBA documents.	STTR	Small Business Technology Transfer Program. Expands funding opportunities in the federal innovation research and development arena.
SBLC	Small Business Lending Company. Non-depository small business lending companies listed by the SBA Office of Capital Access.	VAT	Vulnerability Assessment Team. Performs monthly scans of network-attached devices to identify and remedy network vulnerabilities.
SCORE	A volunteer organization sponsored by the SBA that offers mentoring and training for small business owners who are starting, building, or growing their businesses.	WBC	Women's Business Center program. WBCs provide long-term training and advising to women who own or manage a business, including financial, management, marketing, and technical assistance and procurement.
SME	Refers to small and medium-sized enterprises.		



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A new Spanish language online course for young entrepreneurs – *Entrepreneurs: An Essential Guide to Starting Your Own Business* – is a free, self-paced course that gives an overview of basic business principals.

For more information visit: <http://www.sba.gov/tools/sba-learning-center/training/j-venes-emprendedores-young-entrepreneurs-spanish>

APPENDIX 3 – OIG AUDIT FOLLOW-UP ACTIVITY

Throughout the year, the OIG conducts audits of SBA's processes, procedures, and programs, and makes recommendations for improvement. Many of these recommendations are not material, relative to their dollar impact on SBA's financial and administrative operation, but are beneficial to SBA's management. If SBA management disagrees with an OIG recommendation, the OIG may revise the recommendation or refer the issue to a higher level of SBA management. When both SBA management and the OIG agree on the recommendation, SBA management develops a corrective action plan, including a target date for completion. This recommendation is identified as having a "Management Decision." When the corrective action plan is implemented and the recommendation has been fully addressed, the recommendation is identified as having a "Final Action."

The OCFO maintains a database to track the recommendations through to the conclusion, or Final Action. During FY 2014, there were 92 Final Actions resulting from four monetary and 88 non-monetary recommendations. The status of the corrective actions is updated regularly and is available for review on the SBA Intranet.

The following tables depict SBA's final action activity for FY 2014 and the status of corrective action plans not implemented within one year:

- Table I: Final Action on Audit Recommendations with Disallowed or Questioned Costs, with accompanying pages describing the detail activity by report number.
- Table II: Final Action on Audit Recommendations with Funds Put to Better Use, with accompanying pages describing the detail activity by report number.
- Table III: Final Action on Audit Recommendations Not Completed within One Year.

TABLE I FINAL ACTION ON AUDIT RECOMMENDATIONS WITH DISALLOWED / QUESTIONED COSTS OCTOBER 1, 2013 – SEPTEMBER 30, 2014		
	Number of Recommendations	Disallowed Costs (Rounded to Thousands)
A. Recommendations with management decisions on which final action had not been taken at the beginning of the period.	1	\$12
B. Recommendations on which management decisions were made during the period.	20	\$56,482
C. Total recommendations pending final action during period.	21	\$56,494
D. Recommendations on which final action was taken during the period.		
1. Recoveries:		
(a) Collections and Offsets	1	\$570
(b) Property		
(c) Other	1	\$311
2. Write-Offs		
3. Total	2	\$881
E. Recommendations needing final action at the end of the period.	19	\$55,613

Table I - Detail of Final Action Activity

Disallowed / Questioned Costs

Report # 13-16R, Purchase Reviews Allowed \$4.6 Million in Improper Payments on 7(a) Recovery Act Loans

Summary: The audit objective was to determine if the SBA is mitigating its risk of loss, specifically, whether the SBA is ensuring that 7(a) Recovery Act loans were originated, closed, liquidated, and purchased in accordance with SBA's policies and procedures and prudent lending standards. The OIG identified questioned costs for six loans, one of which was \$310,637. The audit recommended that the SBA seek recovery from the bank for the guaranteed amount paid. The

Office of Financial Program Operations, the Office of Credit Risk Management, and the Office of Financial Assistance submitted their opinion to the OIG that the purchase of this loan did not constitute an improper payment and each recommended not to seek recovery. The OIG accepted their opinion and no recovery was sought.

Final Action: \$310,637 not collected (Other)

Report # 14-09, Purchase Reviews Allowed \$3.1 Million in Improper Payments on 7(a) Recovery Act Loans

Summary: The audit was a second in a series of ongoing audits of purchased 7(a) Recovery Act Loans. The audit objective was to determine if the SBA is mitigating its risk of loss, specifically, whether the SBA is ensuring that 7(a) Recovery Act loans were originated, closed, liquidated, and purchased in accordance with SBA's policies and procedures and prudent lending standards. The OIG identified questioned costs for three loans, one of which was \$897,091. The audit recommended that the SBA seek recovery from the bank for the guaranteed amount paid less any amounts received from liquidation. The amount collected was \$570,763.15.

Final Action: \$570,763.15 collected / \$0.00 written off

TABLE II FINAL ACTION ON AUDIT RECOMMENDATIONS WITH FUNDS PUT TO BETTER USE OCTOBER 1, 2013 – SEPTEMBER 30, 2014		
	Number of Recommendations	Funds to be Put to Better Use (Rounded to Thousands)
A. Recommendations with management decisions on which final action had not been taken at the beginning of the period. .	1	\$2,500
B. Recommendations on which management decisions were made during the period.	1	\$43,000
C. Total recommendations pending final action during period.	2	\$45,500
D. Recommendations on which final action was taken during the period..		
1. Value of recommendations implemented (completed).	1.5	\$43,800
2. Value of recommendations that management concluded should not or could not be implemented or completed.	.5	\$1,700
3. Total	2	\$45,500
E. Recommendations needing final action at the end of the period.	0	\$0

Funds for Better Use

Report # 12-08, Assessment of Lender Loan Reporting Process

Summary: The objective of the audit was to determine the adequacy of SBA's controls and oversight over the development, security, and operation of certain information technology systems and processes performed by a contractor. The audit recommended that SBA collect \$2.5 million in secondary market late penalty fees by either billing lenders or offsetting against any guarantee purchase amounts. SBA researched and collected fees of \$815,217.

Final Action: \$815,217 implemented; \$1,684,783 not implemented

Report #12-18, Audit of 7(a) Early Defaulted Loans

Summary: The objective of the audit was to determine why adequate reviews of repayment ability were not being performed and the amount of federal funds that could be saved if the SBA thoroughly reviewed repayment ability during the guaranty purchase review of early defaulted loans. One of the three recommendations required a revision of the purchase process to verify lender's compliance with SBA's repayment ability requirements and estimated a cost savings of \$43 million. OFPO agreed to modify the process and incorporate repayment ability guidance as indicated in the SOP 50-10 5E, effective January 1, 2014.

Final Action: \$43 million implemented; \$0 not implemented

October 1, 2013 – September 30, 2014

Report # 4-34, SBA's Process for Complying With the FMFIA Reporting Requirements

Program: OCFO

Date Issued: 07/29/2004

Management Decision Date: 09/09/2004

Explanation: The two recommendations remaining open are to the Office of the Chief Financial Officer (OCFO) to revise, clear and issue the draft SOP 00 02 3 and clearly define material weakness as it relates to SBA and at the different levels of management within the Agency. The SOP was substantially rewritten in FY 2013 and a draft was completed in FY 2014; however, it was not submitted for clearance due to the Office of Management and Budget's announcement that their guidance will be updated in FY 2015 to align with the GAO's new guidance in the Green Book. The anticipated completion date is 9/30/15, dependent on the issue date of OMB's new guidance.

Report # 6-10, SBA's FY 2005 Financial Statements Management Letter

Program: OCFO

Date Issued: 01/18/2006

Management Decision Date: 03/06/2006

Explanation: There is one open recommendation to the Office of the Chief Financial Officer to update the accounting SOP to include SBA's policies and procedures to reflect the GL accounts and data field updated for each transaction. The accounting pro forma on LAS transactions is available in "table format" in the CGL, but data field updates are not shown. OCFO is working on a project to document the loan program accounting procedures in the Denver Finance Center. The accounting pro forms for loan accounting system transactions will be included in this project. This audit recommendation is expected to have a final action by 09/30/2015.

Report # 8-12, Oversight of SBA Supervised Lenders

Program: OCA

Date Issued: 05/09/2008

Management Decision Date: 06/26/2008

Explanation: One recommendation remains open to the Office of Capital Access (OCA) to establish risk mitigation goals applicable to each loan program and the entire lending portfolio. OCA will develop program level performance benchmarks and risk mitigation goals for each 7(a) loan program and the entire 7(a) portfolio based on OCRM's PARRiS framework. The PARRiS assessment system is designed to measure the level of risk at the lender, program and portfolio level. The program and portfolio risk mitigation goals will focus on Performance, Asset management and Regulatory performance – utilizing the current metrics framework. Expected completion of this final action is 12/31/2014.

Report # 9-05, SBA's FY 2008 Financial Statements - Management Letter

Program: OFA

Date Issued: 12/17/2008

Management Decision Date: 02/18/2009

Explanation: The two open recommendations are to the Office of Financial Assistance to reinforce the importance of the collateral analysis in an updated SOP and ensure the revised Disaster Loan SOP identifies procedures related to the disposition of collateral. OFPO issued a collateral release memorandum to staff in June 2011 reinforcing this information. Additionally, SOP 50 52 in final draft and is being prepared for Agency Clearance by the end of the calendar year 2014. The final action due date for this recommendation is 12/31/14.

Report # 10-14, Audit of Quality Assurance Oversight of the Loan Management and Accounting System Project**Program:** ODM**Date Issued:** 09/13/2010**Management Decision Date:** 06/13/2011

Explanation: The remaining recommendation for this audit is to the Office of the Administrator to require the LMAS Quality Assurance plan to incorporate all the components required by the enterprise-wide QA plan. The ITQA SOP was updated and SBA has demonstrated significant progress in implementing a quality assurance process by conducting QA reviews. The expected final action is expected by September 2015.

Report #ROM 11-04, Audit of SBA's Recovery Act Data on Public Websites.**Program:** CFO**Date Issued:** 3/22/11**Management Decision Date:** 06/30/2012

Explanation: The six recommendations are to the Office of the Chief Financial Officer to determine if awards were made or funds should be de-obligated on 66 purchase requisitions; to perform routine reconciliation of executed awards to FPDS-NG.gov; to deploy an independent statistical verification and validation of all SBA transactions; to determine if Recovery Act funds were used to fund 13 contracts; to develop a data quality plan; and to monitor contractor reported information and prime contractor information for accuracy. The OCFO is researching data to resolve the contract funding issues and is developing procedures to ensure data accuracy in the future. The independent verification and validation of SBA transactions and the revision of the data quality plan have been implemented; follow-up with the OIG should close these issues. Final actions for all recommendations are estimated to be 9/30/15.

Report # 11-06, Audit of FY2010 Federal Information Security Management Act Review**Program:** CIO**Date Issued:** 01/28/2011**Management Decision Date:** 03/28/2011

Explanation: The four remaining recommendations are to the Office of the Chief Information officer to (1) require an updated list of Major Systems and their interfaces; (2) manage, control, and monitor system interconnections throughout their lifecycle; (3) develop and maintain a centralized inventory of all Agency hardware and software; (4) develop and document baseline configuration for each information system. Status for these recommendations include: (1) and (2) A project is underway to document interfaces and establish Interconnection Service Agreements (ISAs) for FISMA systems. Estimated completion of the final action is 6/30/15. (3) An Asset Management policy is in the process of being finalized. Agency hardware and software assets are now tracked using BigFix and Software Usage Analysis (SUA). A closure package is under review for submission to the OIG. The final action completion date is estimated to be 12/31/14. (4) Baselines have been developed for LAN/WAN components. OCIO servers are in the process of being baselined. Baselines are needed for all agency systems. Final action completion is estimated to be 12/31/14.

Report #11-07, Audit of Insurance Recovery Checks at the Disaster Loan Servicing Centers**Program:** OFPO**Date Issued:** 02/10/2011**Management Decision Date:** 04/07/2011

Explanation: The recommendation is to the Office of Capital Access to revise the SOP to provide detailed instructions for processing insurance recovery checks. OFPO developed and issued a duplication and benefits logic tree and narrative to assist in the processing of insurance recovery checks. Additionally, SOP 50 52 in final draft and is being prepared for Agency Clearance by the end of the calendar year. The final action due date for this recommendation is 12/31/14.

Report #11-10, Management Advisory Report on the Records Management and Documentation Process at the Disaster Loan Servicing Centers.

Program: FPO

Date Issued: 03/29/2011

Management Decision Date: 06/20/2011

Explanation: The two recommendations are to the Office of Financial Programs to (1) develop record designation requirements for all loan servicing documents and incorporate the guidance into SOP 50 52 and (2) to revise the SOP to preserve the analyses performed to conduct all servicing actions. (1) Electronic recordkeeping guidelines internal desk document was developed and issued to center personnel in February 2012. Additionally, SOP 50 52 in final draft and is being prepared for Agency Clearance by the end of the calendar year. The final action due date for this recommendation is 12/31/14. (2) A memorandum was issued to staff and has been reinforced with training. Additionally, SOP 50 52 in final draft and is being prepared for Agency Clearance by the end of the calendar year. The final action due date for this recommendation is 12/31/14.

Report #11-14, Audit of Funding of Information Technology Contracts Awarded to Isika Technologies, Inc.

Program: CFO

Date Issued: 06/02/2011

Management Decision Date: 12/11/2011

Explanation: The two remaining recommendations are to the Office of the Chief Financial Officer and require a review of funding to ensure SBA did not violate the Anti-Deficiency Act during a Continuing Resolution in 2011 and a review of SBA's funding procedures. The OCFO is researching the funding issue to ensure funds were not inappropriately obligated and will review written policies and procedures to ensure work is performed in compliance with the FAR. Final action completion date is estimated to be 9/30/15.

Report #12-02, Audit of FY 2011 Financial Statements

Program: OCIO

Date Issued: 11/14/11

Management Decision Date: 12/22/2011

Explanation: The five open recommendations are to the Office of the Chief Information Officer and require (1) coordination with SBA program offices to enhance security vulnerability management processes; (2) ensure that information systems hosted by third parties comply with SBA policy and NIST guidance; (3) Oversee the review and validation of financial system accounts quarterly; (4) monitor the audit logs of all financial applications regularly; and (5) implement configuration management policies and procedures for document retention for operating system changes. Resolution activities include (1) OCIO is developing a more thorough approach to track and mitigate configuration management vulnerabilities identified during monthly scans, and will monitor security vulnerability reports for necessary or required configuration changes to the environment. Estimated completion date is 2/28/18. (2) OGC has provided some statements of work that have an IT component in them for security language review. OCIO is seeking all procurement contracts to affect change. Estimated completion date is 9/30/17. (3) SOP 90-47-3 requires that account reviews should be done semi-annually. OCFO has been providing OCIO with account review checklist semi-annually. For the OCIO, there currently is not an authoritative source available to perform quarterly reviews. Estimated completion date is 6/30/15. (4) OCIO purchased a tool and will install it to regularly monitor audit logs. Estimated completion date is 9/30/15. (5) SBA currently follows the operating procedures outlined in the ECCB charger IAW SOP 90 42 0. OCIO will work the OIG to close this recommendation. Estimated completion date is 9/15/15.

Report #12-04, Audit of Annual Small Business Procurement Calculations**Program:** GC/BD**Date Issued:** 12/6/11**Management Decision Date:** None

Explanation: The four recommendations are to the Office of Government Contracting and Business Development and require (1) revision of the Goaling Guidelines for the Small Business Preference Programs to include overseas contracts in the small business goaling baseline; (2) finalization of the draft memorandum dated January 25, 2008, Exemptions from Goaling; revisions of the Goaling Guidelines based on OGC's final opinion on the exemptions of goaling; and (4) notification to GSA of any programming updates to the FPDS-NG resulting from changes to goaling guidance. In accordance with the National Defense Authorization Act of 2013, the Chief Counsel for Advocacy of the Small Business Administration shall conduct an independent assessment of the small business procurement goals established in section 15(g) of the Small Business Act. In addition, the Department of Defense is required to conduct an independent assessment of federal procurement contracting performance of the Department of Defense. Because of the direct potential impact that these two assessments would have on the Small Business Goaling Guidelines, GCBD will await their results before finalizing revisions to the Small Business Goaling Guidelines.

Report #12-14, Audit of Disaster Loans in Liquidation**Program:** OCA**Date Issued:** 7/9/12**Management Decision Date:** 9/25/12

Explanation: The three remaining recommendations are to the Office of Capital Access and recommends that (1) specific actions be taken for loans over 180 days delinquent that are secured by collateral; (2) immediately charge-off loans over 180 days delinquent not secured by collateral; and (3) Update SOP's to include Debt Collection Improvement Act and Treasury Managing Federal Receivables Guide requirements. Resolution activities include (1) creating procedures to identify the feasibility of foreclosure. OFPO is also creating a report to identify loans that will be charged-off when foreclosure on the collateral is not feasible. Estimated completion date is 3/24/15; (2) generating a report to identify disaster loans in liquidation status that are delinquent over 180 days and not secured or exempt from referral to Treasury. Estimated completion date is 3/24/15; and (3) SOP 50 52, which provides DCIA guidance, is in its final draft form. Estimated completion is 12/31/14.

Report #12-15, Audit of FY 2011 Federal Information Security Management Act Review**Program:** OCIO**Date Issued:** 7/16/12**Management Decision Date:** 8/16/12

Explanation: The three remaining recommendations are to the Office of the Chief Information Officer and require (1) development of an overall strategy to implement OIG recommendations on FISMA security requirements; (2) perform recertification reviews of agency general support systems or design compensating controls; and (3) continuously monitor remote access audit logs for unauthorized activity. OCIO will (1) hold weekly meetings to prioritize and monitor remediation progress on OIG recommendations and provide a report to the CIO. Estimated completion date is 9/30/15; (2) OCIO does not have an authoritative source available to perform recertification reviews for users of the general support systems; information is received from ODA and OCFO semi-annually; the intake process will need revision. Estimated completion date is 6/30/15; and (3) OCIO purchased a tool and once installed, will monitor remote access audit logs for unauthorized activity. Estimated completion date is 9/30/15.

Report #12-16, Audit of Government Purchase Card for Construction Purchases**Program:** CFO**Date Issued:** 8/6/12**Management Decision Date:** 9/11/12

Explanation: The two recommendations are to the Office of the Chief Financial Officer and require that purchase cardholders have current delegation letters that reflect limitations and approving officials and that training be provided by OCFO on the proper use of government purchase cards to include the definition of construction. The OCFO has completed both actions and will work with the OIG to close these recommendations. Estimated completion date is 4/30/15.

Report #12-18, Audit of 7(a) Early Defaulted Loans**Program:** OCA**Date Issued:** 8/16/12**Management Decision Date:** 11/5/12

Explanation: The one remaining recommendation requires the Office of Capital Access to perform a cost/benefit analysis for detailed reviews of early defaulted loans of less than \$500,000. OFPO will review past data to identify root causes for low dollar, early default loans and provide a risk assessment. Estimated completion date is 9/30/15.

Report #12-22, Audit of SBA's Ratification Process**Program:** OCFO**Date Issued:** 9/28/12**Management Decision Date:** 10/12/12

Explanation: The one remaining recommendation is to the Office of the Chief Financial Officer and requires that a review of ratification actions for Anti-Deficiency Act violations. The OCFO reviewed the ratified commitments and confirmed that no Anti-Deficiency violations occurred. The OCFO is working with the OIG to close these recommendations. Anticipated completion date is 4/30/15.

Report #13-01, Audit of SBA's Section 8(a) Program's use of Internal Revenue Service Tax Verification Form 4506T**Program:** OBD**Date Issued:** 10/4/12**Management Decision Date:** 3/11/13

Explanation: The four recommendations are to the Office of Business Development and require changes to SOP 80 05 A to ensure (1) completion of Form 4506T and prompt submission; (2) completion of Form 4506T prior to the start of the annual review and prompt submission; (3) suspension of the firm if tax returns submitted to SBA do not agree with those submitted to the IRS; and (4) comparison of IRS transcripts with the tax return and advise OIG of discrepancies. The BD will incorporate all recommendations with the SOP 80 05 3 revision. Estimated completion date is 9/30/15.

Report #13-03, Audit of Mentor Protégé Joint Ventures**Program:** GCBD**Date Issued:** 10/23/12**Management Decision Date:** 1/24/13

Explanation: The ten remaining recommendations are to the Office of the Government Contracting and Business Development and require a review of the Mentor-Protégé Program to (1) develop specific measurements to evaluate the benefits of joint venture agreements; (2) assess risk of the program; (3) verify information submitted by 8(a) firms as part of the annual review; (4) conduct site visits of 8(a) firms as part of the annual review; (5) collect quarterly or semiannual contract status updates as part of the annual review; (6) collect work performance reports as part of the annual review; (7) conduct a joint venture closeout evaluation as part of the annual review; (8) maintain complete data on 8(a) firms while deploying a new information system; (9) maintain joint venture arrangement data; and (10) interface data system with

other systems. Resolution activities include (1) development of metrics to measure benefits of Mentor-Protégé and Joint Venture relationships; (2) development of risk assessment procedures; (3) through (7) enhancement of annual review procedures; and (8) through (10) implementation of One-Track CMS system to collect and maintain up-to-date data. Estimated completion date is 9/30/15.

Report #13-04, Audit of SBA's FY 2012 Financial Statements

Program: OCIO

Date Issued: 11/14/12

Management Decision Date: 3/8/13

Explanation: The 11 remaining recommendations are to the Office of the Chief Information Officer and require (1) enhancement of security vulnerability management processes; (2) that information systems hosted by SBA comply with SBA policy and NIST guidance; (3) new system users are required to change their password upon first log-in; (4) system access is removed for terminated/transferred users; (5) enforce procedures for user access approvals; (6) oversee validation of financial system accounts; (7) monitor financial system audit logs; (8) there is a segregation of duties between the database and system administrators' accesses; (9) enforce an organization-wide configuration management process; (10) include document retention for operating system changes in policies and procedures; and (11) conduct a Business Impact Analysis, implement contingency plans, and establish an alternate processing site. Resolution activities include (1) OCIO purchased a tool to enhance security management and will implement a review process once installed; OCIO has worked with ODA and OCFO to address security management. Estimated completion date 12/31/14; (2) OGC has provided some statements of work that have an IT component in them for security language review. OCIO is seeking all procurement contracts. Estimated completion date is 9/30/17; (3) all passwords for new users are random, unique and are required to be changed after initial log-on. OCIO will work with OIG to close this recommendation; Estimated completion date is 12/31/14; (4) coordination with OHRS to receive separation, new hires and job change reports every two weeks; ODA has a tool to identify separated personnel daily to remove access; OCFO has been using a separation list to remove access from OCFO systems and they conduct semi-annual account verifications. Estimated completion date is 12/31/14; (5) LAN/WAN access is documented through SBA Form 1228 process; OCIO is coordinating with OHRS to receive new hires and job change reports in addition to separation reports to disable accounts. Estimated completion date is 12/31/14; (6) OCFO has been providing OCIO with account review checklists semi-annually, which is required in SOP 90 47 3. OCIO will work with the OIG to close this recommendation. Estimated completion date is 6/30/15; (7) OCIO purchased a tool and after installation will monitor financial system audit logs. OCFO purchased Qradar for log reduction and notification. Estimated completion date is 9/30/15; (8) OCFO purchased Qradar for log reduction and notification. OCIO will work with OIG to close this recommendation. Estimated completion date is 12/31/14; (9) SBA currently following the operating procedures outlined in the ECCB charger IAQ SOP 90 42 0. OCIO will work with the OIG to close this recommendation. Estimated completion date is 12/31/14; (10) OCIO has implemented Tripwire for configuration management. OCFO uses Sharepoint and Bugzilla to record change request and approvals. OCIO will work with the OIG to close this recommendation. Estimated completion date is 12/31/14; and (11) Business Impact Analysis have been conducted; the alternate processing site is being addressed by the move of OCIO and OCA infrastructures to SAVVIS in Sterling, VA. The recommendation will remain open until the move is complete. Estimated completion date is 3/30/17.

Report #13-06i, Audit of SBA's Section 8(a) Annual Review

Program: BD

Date Issued: 11/13/12

Management Decision Date: 3/11/13

Explanation: The two recommendations are to the Office of the Business Development and require that SOP 80 05 3 be revised to extend time for annual reviews, subject firms to termination if information is not provided, and allow SBA to place an 8(a) firm in a "decision pending" category during the additional period. Resolution will be achieved with the update of the SOP. Estimated completion date is 9/30/15.

Report #13-07, Audit of SBA's 7(a) Guaranty Purchases Improper Payments**Program:** OCA**Date Issued:** 11/15/12**Management Decision Date:** 11/4/13

Explanation: The three remaining recommendations are to the Office of the Capital Access and require (1) monitoring the effectiveness of the improper payment checklist; (2) seek recovery of \$1,106,116, less subsequent liquidation recoveries from a lender; and (3) seek recovery of \$714,444, less liquidation recoveries from a lender. Resolution activities include (1) creation of monthly reports to analyze deficiency trends over a six month period. The process is documented in program guides which have been updated. Estimated completion date is 10/15/14; (2) file review by the Dispute Resolution Committee. Estimated completion date is 2/16/15; and (3) submission of the file to the Deputy Administrator for a decision as OCA does not agree with the finding. Estimated completion date is 9/30/15.

Report #13-08, Audit of SBA's 8(a) Information Technology Contracts**Program:** OCFO**Date Issued:** 12/3/12**Management Decision Date:** 1/18/13

Explanation: The 13 remaining recommendations are to the Office of the Chief Financial Officer and require (1) and (2) referral of two vendors to the Suspension and Debarment Official to take debarment action; (3) implement procedures to determine if prospective contractors are "responsible" prior to awarding a contract; (4) demonstration of proficiency in price analysis; (5) retention of records used to establish price; (6) verification of price analysis procedures; (7) perform an assessment in compliance with Conducting Acquisition Assessments under OMB Circular A-123; (8) enhance internal controls in response to any weaknesses identified in the assessment; (9) update payment processing internal controls; (10) recover \$12,073 for a duplicate payment from a vendor; (11) provide a list of approvers to payment personnel; (12) implement attachment of a receiving report to each invoice; and (13) implement an automatic interface between systems to tie payments to a contract number instead of purchase order numbers. Resolution activities include (1) and (2) referral to OGC's Suspension and Debarment official; (3) procedures are in place to determine if prospective contractors are "responsible"; procedures will be documented in a revised SOP; (4) current contracting officers are proficient in price analysis; procedures will be documented in a revised SOP; (5) documents are retained; procedures will be documented in a revised SOP; (6) price analysis procedures will be documented in the revised SOP; (7) an acquisition assessment to comply with OMB Circular A-123 is currently being conducted; (8) internal controls will be enhanced if any weaknesses are identified in the assessment; (9) payment processing controls are in place and will be documented in the revised SOP; (10) demand was made to the vendor for \$12,073; (11) an automated payment process was implemented in December 2011 that limits invoice review to authorized approvers; this process will be documented in the revised SOP; (12) a process for receipts will be included in the revised SOP; and (13) an interface has been established between systems to ensure the contract number and purchase order number are the same. Estimated completion date is 9/30/15.

Report #13-09 SBA's FY 2012 Financial Statements – Management Letter**Program:** OCFO and OHRS**Date Issued:** 12/12/12**Management Decision Date:** 2/7/13

Explanation: The eight remaining recommendations include one to the Office of the Chief Financial Officer and seven to the Office of Human Resource Solutions and require (1) the OCFO to develop and implement an SOP for initiating, monitoring and closing obligations; (2) the CHCO to reinforce policies and procedures for time and attendance reports; (3) the CHCO to perform quality assessment reviews of time and attendance reports; (4) the CHCO to provide training on an employee's checklist; (5) the CHCO to encourage an employee's separation process to begin two weeks prior to departure; (6) the OHRS staff to review checklists for completion and acceptance; (7) the CHCO to implement administrative actions for SBA officials who do not adhere to separation policies; and (8) the CHCO to ensure checklists are received timely and submitted to Payroll for processing. Resolution activities include (1) the OCFO has initiated

a project to update the SOP for obligations; estimated completion date is 3/31/15; (2) OHRS will provide training to managers and continue to conduct ad hoc audits of time and attendance records; (3) OHRS will continue to conduct ad hoc audits and anticipates performing at least four quality assurance reviews each quarter; (4) OHRS will provide training on the completion and acceptance of the SBA Form 78, Separations Checklist, and will publish and Information Notice; (5) OHRS will discuss the importance of beginning the separation process early during the training of managers and supervisors; (6) OHRS will perform ad hoc reviews of completed checklists and provide refresher training as needed; OHRS will also create an Internal Operating Procedures document that will include separation checklist procedures; (7) OHRS will create a Separations Checklist Non-Compliance memo that includes a description of the non-compliance issue, recommended corrective action and the SBA's official acknowledgement and corrective actions and take appropriate action if a program office receives three or more notices with a fiscal year; and (8) OHRS will create an Internal Operating Procedures document that will include SBA's retention schedule and procedures for processing separation checklists. Estimated completion date is 9/30/15.

Report #13-11 Audit of SBA's Loan Management and Accounting System – Incremental Improvements Projects

Program: OCIO

Date Issued: 3/12/13

Management Decision Date: 9/12/13

Explanation: The two remaining recommendations are to the Office of the Chief Information Officer and to the Office of Capital Access and require (1) adoption of a new incremental improvement project under LMAS to facilitate the transfer of data to a new COBOL code; and (2) implementation of an Independent Verification and Validation program for LMAS. Resolution activities include (1) OCA has set up IIP --Migrate COBOL code into a Production UNIX Environment. OCA will develop an incremental improvement project to migrate the COBOL code to a production environment. There will be two phases: 1. To migrate the code and run in parallel with the Unisys mainframe environment. 2. After stakeholder approval, become the agency's only batch loan accounting system. Estimated completion date is 2/15/2015; and (2) an IV&V process is fully implemented for LMAS; the scope of this recommendation was expanded to require full implementation of an IV&V for all SBA development projects. Estimated completion date is 9/30/15.

Report # 13-12, Audit of Contracting Practices to Reconfigure Space

Program: OCFO

Date Issued: 3/26/13

Management Decision Date: N/A

Explanation: One remaining recommendation to the Office of the Chief Financial Officer to direct a contracting officer to review all invoices related to space reconfiguration in the Office of International Trade and make a determination if all work was performed. Resolution activities include reviewing all invoices and confirming the work was performed. Estimated completion date is 3/31/15.

Report # 13-14, Audit of 417 Unauthorized Commitments

Program: OCFO

Date Issued: 3/28/13

Management Decision Date: N/A

Explanation: Three remaining recommendations to the Office of the Chief Financial Officer require (1) determination if administrative or legal actions against employees making unauthorized commitments are feasible; (2) Incorporation of COR Acceptance Letter and FAR into COR's annual performance assessment; and (3) provide annual training to employees on managing contracts to avoid unauthorized commitments. Resolution activities include (1) exploring actions against employees making unauthorized commitments with OGC and the union; (2) working with OHRS to incorporate COR requirements in the annual performance assessment for CORS; and (3) providing annual training to employees on managing contracts. Estimated completion date is 9/30/15.

Report # 13-16R, Audit of SBA's 7(a) Guaranty Purchase of Recovery Act Loans Improper Payments**Program:** OCA**Date Issued:** 6/14/13**Management Decision Date** 3/28/14

Explanation: Five remaining recommendations to the Office of the Capital Access require (1) recovery of \$1,425,427 from a lender; (2) recovery of \$669,963 from a lender; (3) recovery of \$967,869 from a lender; (4) recovery from a lender of \$555,368 from a lender; (5) recovery of \$680,900 from a lender. All five files for the audit are in the dispute resolution process. Estimated completion date is 3/31/15.

Report # 13-17, Audit of SBA's Portfolio Risk Management Program**Program:** OCA**Date Issued:** 6/14/13**Management Decision Date** 9/30/13

Explanation: Two remaining recommendations to the Office of Capital Access require (1) use of portfolio risk management program data to support risk-based decisions in its loan programs; and (2) implementation of additional controls to mitigate identified risks where necessary. Resolution activities include (1) conducting a set of risk based portfolio analyses. Estimated completion date 3/30/15; and (2) enhancing or adding additional controls as necessary. Estimated completion date is 6/30/15.

Report # 13-18, Audit of SBA's Defaulted Disaster Loans**Program:** OCA**Date Issued:** 9/27/13**Management Decision Date** 3/31/14

Explanation: Eight recommendations to the Office of Capital Access require (1) transfer of all eligible charged-off loans to Treasury for cross-servicing; (2) transfer of all eligible charge-off loans to Treasury, including those with unliquidated collateral; (3) transfer of all legally enforceable debts already charged-off to Treasury for cross-servicing; (4) transfer of all debtors associated with charged-off debts to Treasury; (5) transfer of loans in litigation after charge-off to Treasury if litigation is dismissed; (6) security agreements be tracked and renewed as needed; (7) offer-in compromise settlements to be in compliance with SBA's SOP; (8) publish a mission statement, update the SOP, establish a performance management process for the disaster loan liquidation center. Resolution activities include (1) creation of management controls to ensure all eligible charge-off loans are transferred to Treasury. Estimated completion date is 3/24/15; (2) creation of management controls to ensure loans with unliquidated real estate collateral are transferred to Treasury. Estimated completion date is 3/27/15; (3) creation of management controls to ensure debtors with legally enforceable debts already charged off are transferred to Treasury. Estimated completion date is 3/27/15; (4) creation of management controls to ensure debtors associated with charged-off legally enforceable debts are transferred to Treasury. Estimated completion date is 3/27/15; (5) documentation of workout process for delinquent debt. Estimated completion date is 3/30/15; (6) development of management controls to ensure processes address security agreements. Estimated completion date is 12/31/14; (7) Revision of SOP 50-52 that will include offer-in-compromise authorizations. Estimated completion date is 3/30/15; and (8) Revision of SOP 50-52 to reflect current processes. Estimated completion date is 12/31/14.

Report # 13-21, Audit of SBA's Enterprise-Wide Controls over Co-Sponsored Activities**Program:** OCPL, OFO, and OGC**Date Issued:** 9/26/13**Management Decision Date** 1/23/14 and N/A

Explanation: Seven remaining recommendations include four to the Office of Communications and Public Liaison that require (1) co-sponsorship agreement update to include all specific roles and responsibilities for fiscal agents and other accountable parties; (2) establishment of controls to ensure all activities are properly closed out and all documents are ob-

tained; (3) periodic reviews of co-sponsorship files; and (4) training for staff. Resolution activities include (1) creation of supplemental guidance for fiscal agents in lieu of agreement update as explanations and examples can be provided; (2) exploration of technology to collect co-sponsorship information and track agreements; (3) exploration of partnership with OGC to work together on file review; and (4) providing training focused on roles and responsibilities of fiscal agents. Estimated completion date is 12/12/14. Two recommendations to the Office of Field Operations require (5) disposal of funds remaining from two conferences in accordance with SOP 90 75 3; and (6) performance of periodic quality service reviews. Resolution activities include (5) review and disposal of funds remaining on conference in accordance with SOP 90 75 3; and (6) inclusion of co-sponsored activities in the already existing Field Accountability Reviews. Estimated completion date is 9/30/15. One recommendation is to the Office of General Counsel and requires (7) revision of SOP 90 75 3 to include specific procedures on the disposition of excess funds that remain after co-sponsored activities. Resolution activities include (7) OGC, in consultation with other SBA headquarters and field personnel, recently concluded a comprehensive review of the co-sponsorship process, including how to effectively control and manage co-sponsorship funds. Lessons learned from this review are currently being incorporated into revisions to SOP 90 75 3, Outreach Activities. The revised SOP will include specific instructions on the disposition of excess co-sponsorship funds and is expected to be implemented in FY 2015.

Report # 13-22, Improved Examination Quality Can Strengthen SBA's Oversight of Small Business Investment Companies

Program: OII

Date Issued: 09/30/2013

Management Decision Date: 12/16/2013

Explanation: The three open recommendations are to the Office of Investment & Innovation require (1) Create and execute a plan to improve the internal operations of the examination function. Plan should include quality driven goals, performance indicators and better communication. (2) Update and improve existing examination checklist to better align with and reference SOP guidance for examinations, ensure focus on Category One violations, and ensure consistency across the three SBIC examination offices. (3) Assess the costs of the examination function and prepare cost-benefit analysis for several funding options, including a potential increase in examination fees in order to improve training and technology and cover other examination costs. Resolution activities include (1) OII management disagrees with this recommendation and will submit the opinion to the OIG for follow up to close the issue; (2) OII has assessed the recommendation and has taken action regarding an increase in examination fees, the action is currently in clearance, after which it will be provided to the OIG for follow up to close the issue; (3) The checklist has been reviewed and updated and will be submitted to the IG for follow up to close the issue. Final actions for all recommendations are estimated to be 10/31/14.

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