

# Appendices



## SUCCESS STORY

### 2015 Jody C. Raskind Microlender of the Year Award

Justine Petersen Housing & Reinvestment Corporation  
St. Louis, Missouri



Inspired by the legacy of the late Justine M. Petersen, a pioneer in implementing community reinvestment in St. Louis, **Robert Boyle** founded the Justine PETERSEN Housing & Reinvestment Corporation to help low-wealth individuals and families develop, maintain, and increase their financial assets, including homeownership. Recognizing the important role that small businesses play in promoting community stabilization, economic opportunity and job creation, the Justine PETERSEN Housing & Reinvestment Corporation became one of the first SBA microlenders in 1992. Under Boyle's leadership, and with the help of a dedicated staff, the microlender placed \$2.6 million in microloan capital into underserved markets in Missouri, Illinois, and Kansas (390 loans), the most in both dollars and number of loans among all SBA microlenders in FY 2014.

The *Microlender of the Year Award* honors Jody C. Raskind, a long-time SBA employee. Jody was a pioneer in U.S. microlending and a leading force behind the establishment of the SBA Microloan program in 1992. She headed the program for many years until last September when she lost a protracted battle with cancer. During her association with the program, about 55,000 microloans were made totaling \$655 million.

The Justine PETERSEN Housing & Reinvestment Corp. is the winner of the first-ever *SBA Jody C. Raskind Microlender of the Year Award*.

## APPENDIX 1 - CONTACT SBA: USEFUL SITES AND NUMBERS

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

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

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

SBA National Answer Desk (Toll Free) (800) 827-5722  
 Disaster Customer Service Center (Toll Free) (800) 659-2955

Facebook: [www.facebook.com/sbagov](http://www.facebook.com/sbagov)  
 Twitter: [www.twitter.com/sbagov](http://www.twitter.com/sbagov)  
 YouTube: [www.youtube.com/sba](http://www.youtube.com/sba)  
 SBA blog: [www.sba.gov/blogs/](http://www.sba.gov/blogs/)

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SBICs invested more than **\$6 billion** in American small businesses, the largest amount of capital ever.

## APPENDIX 2 - GLOSSARY

Available at: [www.sba.gov/performance](http://www.sba.gov/performance), (Agency Financial Report)

<b>504</b>	<b>504 Certified Development Loan Program</b> Provides small businesses with long-term, fixed-rate financing for the purchase of land, buildings, and long-life capital equipment.	<b>APR</b>	<b>Annual Performance Report</b> 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.
<b>7(a)</b>	<b>7(a) Loan Guaranty Program</b> SBA's primary loan program, provides general loan financing for a wide variety of purposes.	<b>BATF</b>	<b>Business Assistance Trust Fund</b> A trust fund in the U.S. Treasury maintained to receive and account for donations made by private entities for activities to assist small business.
<b>7(j)</b>	<b>The 7(j) Management and Technical Assistance Program</b> Provides specialized assistance to underserved small businesses.	<b>BD</b>	<b>Business Development</b> The Office of Business Development uses SBA's statutory authority to provide business development and federal contract support to small disadvantaged firms.
<b>7(m)</b>	<b>The 7(m) Microloan Program</b> Provides small, short-term loans to small business concerns and small non-profit child care centers.	<b>BLIF</b>	<b>Business Loan and Investment Fund</b> Fund operated by the U.S. Department of the Treasury to maintain the accounting records of loans approved prior to 1992.
<b>8(a)</b>	<b>8(a) Business Development Program</b> Assists firms owned and controlled by socially and economically disadvantaged individuals to enter and succeed in the economic mainstream.	<b>CAP</b>	<b>Cross-Agency Priority Goals</b> The SBA participates in many of the government-wide federal Cross-Agency Priority goals. CAP goals are Presidential priorities. They are identified in areas where increased cross-agency coordination on outcome-focused areas is likely to improve progress.
<b>A-123</b>	<b>Designation for OMB Circular on Internal Control Systems</b> 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.	<b>CBJ</b>	<b>Congressional Budget Justification</b> A federal agency's annual budget request to Congress.
<b>AFR</b>	<b>Agency Financial Report</b> Performance and Accountability reports required of federal.	<b>CDC</b>	<b>Certified Development Company</b> Refers to the Section 504 Certified Development Company debenture program.
<b>APG</b>	<b>Agency Priority Goal</b> The Government Performance and Results Modernization Act of 2010 requires federal agencies to establish a set of two-year APGs that reflect the highest priorities of agency	<b>CFO</b>	<b>Chief Financial Officer</b> 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.

- 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.
- COTS**      **Commercial Off-The-Shelf**  
Software or hardware products that are ready-made and available for sale to the public.
- CSAM**      **Cyber Security Assessment and Management**
- DCIA**      **Debt Collection Improvement Act**  
The Debt Collection Improvement Act of 1996 provides federal agencies with new and enhanced delinquent debt collection tools.
- DCMS**      **Disaster Credit Management System**  
The electronic system used to process loan applications for all new disaster declarations.
- DLF**      **Disaster Loan Fund**  
Assists eligible small businesses impacted by disasters.
- 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.
- FECA**      **Federal Employees' Compensation Act**  
Provides compensation benefits to federal civilian employees and to their surviving dependents for work-related injuries or illnesses.
- 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**

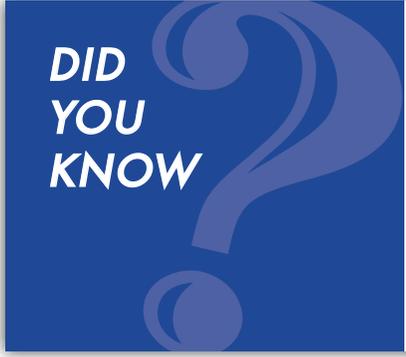
A law that requires each agency to implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the USSGL.

- 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.
- 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.
- FTA**      **The SBA Fiscal Transfer Agent**  
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.
- 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.
- FY**      **Fiscal Year**  
The federal government fiscal year begins October 1 and ends the following September 30.
- GAO**      **U.S. Government Accountability Office**  
The audit, evaluation, and investigative arm of Congress.
- 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.

<b>GSA</b>	<b>General Services Administration</b> 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.	<b>LMAS</b>	<b>Loan Management and Accounting System</b> Financial management system that supports loan accounting.
<b>HUBZone</b>	<b>Historically Underutilized Business Zone</b> SBA program that encourages economic development by the establishment of federal contract award preferences for small businesses located in historically underutilized business zones.	<b>MAS</b>	<b>The GSA Multiple Award Schedule</b>
<b>IIP</b>	<b>Incremental Improvement Project</b> Information technology projects intended to upgrade existing financial software and application modules in SBA's Loan Accounting System.	<b>MD&amp;A</b>	<b>Management's Discussion and Analysis</b> The MD&A is required supplementary information for federal financial statements and is designed to provide a high level overview of the Agency.
<b>IPIA</b>	<b>Improper Payment Information Act</b> A federal law enacted in 2002 to identify and reduce erroneous payments in the government's programs and activities.	<b>MRA</b>	<b>Master Reserve Account</b> SBA's fiscal agent maintains this escrow fund to facilitate the operation of the Certified Development Company program.
<b>IT</b>	<b>Information Technology</b> Refers to matters concerned with the design, development, installation, and implementation of information systems and applications.	<b>MRF</b>	<b>Master Reserve Fund</b> SBA's fiscal and transfer agent maintains this reserve fund to facilitate the operation of the 7(a) secondary market program.
<b>IV&amp;V</b>	<b>Independent Validation and Verification</b> 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.	<b>NBER</b>	<b>National Bureau of Economic Research</b>
<b>Jobs Act</b>	<b>Small Business Jobs Act of 2010</b> Most often referred to as the Jobs Act in SBA documents, may also be referred to as SBJA.	<b>OCA</b>	<b>Office of Capital Access</b> The SBA office responsible for small business loans, lender oversight, and the surety bond program.
<b>LAS</b>	<b>Loan Accounting System</b> SBA's loan origination servicing and disbursement system.	<b>OCFO</b>	<b>Office of the Chief Financial Officer</b> Responsible for the financial leadership of the Agency, including all Agency disbursements, management, and coordination of Agency planning, budgeting, analysis, and accountability processes.
		<b>OCRM</b>	<b>Office of Credit Risk Management</b> SBA office that manages program credit risk, monitors lender performance, and enforces lending program requirements.
		<b>ODA</b>	<b>Office of Disaster Assistance</b> 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.
		<b>OFA</b>	<b>Office of Financial Assistance</b> SBA office that administers various loan programs to assist small businesses.

<b>OFPO</b>	<b>Office of Financial Program Operations</b> Leads the financial services industry in quality products and services to SBA partners and customers, and to protect the integrity of SBA programs.	<b>PCECGF</b>	<b>Pollution Control Equipment Contract Guaranty Fund</b> Supports costs associated with the credit portfolio of pre-October 1991 pollution control equipment loans and guaranties being liquidated by the SBA.
<b>OHRS</b>	<b>Office of Human Resources Solutions</b> Develops and provides innovative human capital strategies. The office advises SBA management with respect to selecting, developing, and managing a high quality, productive workforce.	<b>PPS</b>	<b>Probability Proportional to Size</b>
<b>OIC</b>	<b>Office of Internal Controls</b> Office within the Office of the Chief Financial Officer that has the lead in ensuring managers comply with internal control standards.	<b>QA</b>	<b>Quality Assurance</b> Functions to assure that project deliverables meet SBA's requirements and quality standards.
<b>OIG</b>	<b>Office of Inspector General</b> Conducts and supervises audits, inspections, and investigations relating to SBA programs and operations.	<b>QAR</b>	<b>Quality Assurance Review</b>
<b>OMB</b>	<b>U .S. Office of Management and Budget</b> White House office that oversees preparation of the federal budget and supervises its administration in Executive Branch agencies.	<b>RGDP</b>	<b>Real Gross Domestic Production</b>
<b>OPM</b>	<b>U.S. Office of Personnel Management</b> The federal government's human resources agency.	<b>SAM</b>	<b>System for Award Management</b> The federal government system that tracks grant awards.
<b>OPM&amp;CFO</b>	<b>Office of Performance Management and Chief Financial Officer</b> Conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems, internal controls, and acquisitions.	<b>SAT</b>	<b>Senior Assessment Team</b> SBA's SAT is chaired by the Chief Financial Officer and comprised of SBA managers from the major programs and support offices to oversee the assessment of internal controls for financial reporting performed by the Office of Internal Controls.
<b>ORACLE</b>	<b>The accounting program used by SBA's Administrative Accounting Division</b>	<b>SBA</b>	<b>U.S. Small Business Administration</b> 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.
<b>PAR</b>	<b>Performance and Accountability Report</b> Annual report that presents financial, budgetary, and performance information to OMB, Congress, and the public.	<b>SBDC</b>	<b>Small Business Development Center program</b> 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.
		<b>SBG</b>	<b>Surety Bond Guarantee program</b> 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.

<b>SBGRF</b>	<b>Surety Bond Guaranty Revolving Fund</b> 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.	<b>SOP</b>	<b>Standard Operating Procedure</b> SOPs are the primary source of the Agency's internal control.
<b>SBIC</b>	<b>Small Business Investment Company</b> Provides long-term loans, debt-equity investments, and management assistance to small businesses, particularly during their growth stages.	<b>SPFI</b>	<b>Summary of Performance and Financial Information</b> One of three annual financial and performance reports required of federal agencies.
<b>SBIR</b>	<b>Small Business Innovation Research Program</b> 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.	<b>STEP</b>	<b>State Trade and Export Promotion Program or Grant</b> A pilot export initiative to make matching-fund awards to states to help small businesses enter and succeed in the international marketplace.
<b>SBJA</b>	<b>Small Business Jobs Act of 2010</b> Most often referred to as the Jobs Act in SBA documents.	<b>VAT</b>	<b>Vulnerability Assessment Team</b> Performs monthly scans of network-attached devices to identify and remedy network vulnerabilities.
<b>SBLC</b>	<b>Small Business Lending Company</b> Non-depository small business lending companies listed by the SBA Office of Capital Access.	<b>WBC</b>	<b>Women's Business Center Program</b> WBCs provide long-term training and advising to women who own or manage a business, including financial, management, marketing, and technical assistance and procurement.
<b>SCORE</b>	A volunteer organization sponsored by the SBA that offers mentoring and training for small business owners who are starting, building, or growing their businesses.		



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The SBA awarded **\$400,000** to eight growth accelerators and awarded \$100,000 in Startup in a Day prizes for the creation of centralized, streamlined platforms, making it easier for entrepreneurs to start businesses in Native American communities.

## APPENDIX 3 – OIG AUDIT FOLLOW-UP ACTIVITY

Throughout the year, the OIG conducts audits of the SBA's processes, procedures and programs, and makes recommendations for improvement. Many of these recommendations are not material, relative to their dollar impact on the SBA's financial and administrative operation, but are beneficial to the 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 2015 there were 146 Final Actions, resulting from 19 monetary and 127 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 the SBA's final action activity for FY 2015 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 with One Year.

TABLE I FINAL ACTION ON AUDIT RECOMMENDATIONS WITH DISALLOWED / QUESTIONED COSTS OCTOBER 1, 2014 – SEPTEMBER 30, 2015		
	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.	14	\$8,872
B. Recommendations on which management decisions were made during the period.	8	3,188
C. Total recommendations pending final action during period.	22	\$12,060
D. Recommendations on which final action was taken during the period.		
1. Recoveries:		
(a) Collections and Offsets	3.5	\$2,558
(b) Property		
(c) Other	7.5	4,000
2. Write-Offs	1	715
3. Total	12	\$7,273
E. Recommendations needing final action at the end of the period.	10	\$4,787

The above table reflects an adjusted beginning balance from FY 2014 report, which reflected 19 open recommendations for a total of \$55,613 (in thousands). Amounts were adjusted as six items were later identified by the OIG as "Funds for Better Use" rather than "Questionable Costs" as originally reported and one item that was previously reported as non-monetary that was later identified as having questionable costs.

## Detail of Final Action Activity

### DISALLOWED / QUESTIONED COSTS

#### **Report #13-07, Audit of SBA's 7(a) Guaranty Purchases Improper Payments**

**Summary:** : The audit objective was to determine whether SBA accurately estimated its FY2011 Improper Payment Rate for 7(a) Loan Program purchases. The OIG identified questioned costs for six loans, two of which were \$1,016,116 and \$714,444. The former amount was collected from the lender and the latter was written off as the bank has closed and therefore recovery was not possible.

**Final Action:** **\$1,016,116 collected/\$714,444 written off)**

#### **Report #13-08, Audit of SBA's 8(a) Information Technology Contracts**

**Summary:** The audit objective was to determine whether the SAB effectively managed information technology contracts awarded to Isika Technologies, Inc. The OIG identified a duplicate payment of \$12,073 and recommended that SBA seek recovery. SBA was unsuccessful in collecting the debt which remains an open receivable.

**Final Action:** **\$12,073 not collected (other).**

#### **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, four of which total \$3,618,447. The audit recommended that the SBA seek recovery from the banks 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:** **\$3,618,447 not collected (other).**

#### **Report # 14-02, Audit of SBA's FY 2012 Reported Improper Payment Rate for Disbursements and Contracting.**

**Summary:** : The audit objective was to determine if the accuracy of SBA's FY 2012 reported improper payment rate for disbursements and contracting invoices and whether invoicing and payment processes for disbursements and contracting will prevent improper payments. The OIG identified two invoices for which the invoiced services did not match the contracts. SBA determined that the errors were in the contract documentation and because the services were requested and performed no recovery was possible. The OIG accepted this explanation and no recovery was sought.

**Final Action:** **\$235,672.09 not collected (other)**

#### **Report # 14-09, Audit of 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 \$1,473,770. 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 \$1,473,770.

**Final Action:** **\$1,473,770 collected / \$0.00 written off.**

#### **Report # 14-19, Audit of SBA's Oversight of the Financial Management of the District of Columbia Small Business Development Center**

**Summary:** The audit objective was to determine whether the Small Business Development Centers complied with matching requirements for grants funding. The OIG recommended SBA implement controls to ensure Lead Centers use the appropriate indirect cost rate and category when computing indirect costs. SBA provided individual training to

SBDC Network hosts on direct cost rate agreements and calculations during the 2015 proposal review process. SBA revised the form “Schedule of Indirect Cost” to facilitate indirect cost determinations. The OIG questioned costs of \$143,811 related to this issue; subsequently an over-match of \$9,598 was identified and the remaining \$134,213 was confirmed to be acceptable. In addition, a recalculation of indirect costs based on the 2012 financial statement recovered \$58,862.27.

**Final Action: \$68,460.27 collected/\$134,213 not collected (other)**

TABLE II FINAL ACTION ON AUDIT RECOMMENDATIONS WITH FUNDS PUT TO BETTER USE OCTOBER 1, 2014 – SEPTEMBER 30, 2015		
	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

The above table reflects an adjusted beginning balance from FY 2014 report, which reflected zero open recommendations. Amounts were adjusted as six items were later identified by the OIG as “Funds for Better Use” rather than “Questionable Costs” as originally reported and one was previously identified as non-monetary.

## Detail of Final Action Activity

### FUNDS FOR BETTER USE

#### Report #12-14, Audit of Disaster Loans in Liquidation

**Summary:** The audit objective was to assess SBA’s effectiveness in managing disaster loans in liquidation to maximize debt recovery and minimize losses. One specific objective was to assess whether SBA complied with the Debt Collection Improvement Act for disaster loans in liquidation status. The OIG recommended that (1) specific actions be taken for loans over 180 days delinquent that are secured by collateral with funds for better use of \$3,400,000; and (2) immediately charge-off loans over 180 days delinquent not secured by collateral with funds for better use of \$3,900,000. Resolution activities included (1) creating procedures to identify the feasibility of foreclosure and the creation of a report to identify loans that will be charged-off when foreclosure on the collateral is not feasible; and (2) generation of a report to identify disaster loans in liquidation status that are delinquent over 180 days and not secured or exempt from referral to Treasury.

**Final Action: \$7.3 million implemented; \$0 not implemented**

#### Report # 13-18, Audit of Defaulted Disaster Loans from 2006 to 2011

**Summary:** The objective of the audit was to determine whether SBA effectively managed delinquent disaster loans to maximize recovery and minimize losses, were in compliance with applicable laws and regulations and was aligned with Federal debt collection objectives. The OIG recommended that SBA 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. SBA developed a new profile for charged-off loans secured by collateral with insufficient equity and is now transferring all eligible debt to Treasury for cross-servicing.

**Final Action: \$39.5 million implemented; \$0 not implemented**

#### **Report #14-13, Audit of 7(a) Loan Guaranty Approval Process**

**Summary:** The objective of the audit was to determine the extent to which the SBA was managing the 7(a) loan approval process to mitigate its risk of loss. The OIG identified six loans that were at risk for loss and determined \$4.8 million as funds for better use and recommended SBA allocate resources to ensure risk is mitigated and quality is emphasized. SBA implemented risk-based processing which allowed more resources to be allocated to larger, more complex loans, hired an additional supervisor to provide additional oversight, and transferred or streamlined processes to reallocate resources to loan processing. SBA supported the identification of funds for better use for three of the six loans, or \$2.3 million and the OIG accepted their opinion.

**Final Action: \$2.3 million implemented; \$2.5 million not implemented**

#### **Report #15-15, Audit of Disaster Technical Assistance Grants**

**Summary:** The objective of the audit was to determine whether SBA's oversight of Hurricane Sandy technical assistance grant funds ensured programs goals and objectives were achieved and whether requests for advances and reimbursements were supported by valid grant expenditures. The OIG recommended that SBA de-obligate funds unexpended by August 31, 2015 in the amount of \$9,108,271. SBA obtained a waiver from the Office of Management and Budget which extended the funding to August 31, 2016.

**Final Action: \$9.108 million implemented; \$0 not implemented**

#### **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. A draft SOP was completed in FY 2014; however, it was not submitted for clearance, awaiting the Office of Management and Budget's issuance of the revised OMB Circular A-123, Management's Responsibility for Internal Control, to ensure compliance with the new guidance. The anticipated completion date is 9/30/16.

#### **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 planned to 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. However, it was discovered that the PARRiS framework does not support program benchmarks and OCA has requested an extension of the target date for completion to change their approach. Expected completion of this final action is 9/30/16.

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

**Explanation:** The three 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 deploy an independent statistical verification and validation of all SBA transactions; and to determine if Recovery Act funds were used to fund 13 contracts. The OCFO is researching and documenting the 66 purchase requisitions and anticipates resolution by May 2016. The independent verification and validation of SBA transactions was believed to have been implemented and follow-up is being provided to resolve by May 2016; and the documentation to support corrective action on the Recovery Act funded contracts has been submitted to the OIG for resolution in October 2015.

**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 one remaining recommendation is to develop and document baseline configuration for each information system. System owners are conducting a gap analysis for software and hardware applications that have configuration baselines properly documented. OCIO is implementing a BigFix Security and Compliance Analytics function to monitor configuration and coordinating with program office to ensure configuration baseline documents are stored. Final action is estimated to be completed by March 31, 2016.

**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 one remaining recommendation to the Office of the Chief Financial Officer is a review of SBA's funding procedures. The OCFO has updated the Acquisitions Standard Operating Procedures (SOP) and management is reviewing written policies and procedures to ensure work is performed in compliance with the FAR. Final action completion date is estimated to be 9/30/16.

**Report #12-02, Audit of FY 2011 Financial Statements****Program:** OCIO**Date Issued:** 11/14/11**Management Decision Date:** 12/22/2011

**Explanation:** The three remaining 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) Oversight of the review and validation of financial system accounts quarterly; and (3) implementation of configuration management policies and procedures for document retention for operating system changes. Resolution activities include (1) development of a more thorough approach to track and mitigate configuration management vulnerabilities identified during monthly scans. BigFix, the tool used to manage vulnerabilities, will be configured to appropriate standards. OCIO will also institute a quality assurance process to validate patch success and completion. Estimated completion date is 9/30/16. (2) SOP 90-47-3 requires that account reviews should be done semi-annually. The OCIO and programs offices conduct this activity according to the SOP. Supporting evidence is being generated to formally close this finding with the OIG. Estimated completion is 9/30/16; and (3) SBA currently follows the operating procedures outlined in the ECCB charger IAW SOP 90 42 0. An Architect Review Charter has been approved and a draft Configuration Management policy is under management review. Estimated completion date is 9/30/16.

**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 two remaining recommendations are to the Office of the Chief Information Officer and require (1) perform recertification reviews of agency general support systems or design compensating controls; and (2) continuously monitor remote access audit logs for unauthorized activity. The OCIO performs account reviews semi-annually in accordance with SOP 90-47-3 and will submit documentation to the OIG to resolve this recommendation. At this time SBA does not have access to any AT&T remote access logs but will coordinate with AT&T representatives to determine if the contract allows access to the audit logs. Estimated completion date is 9/30/16.

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

**Explanation:** The two remaining recommendations are 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 will conclude the analysis once supplemental budgetary information analyzed. Anticipated completion date is 4/30/16.

**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. OBD has submitted closures for the four recommendations to OIG and is awaiting OIG confirmation on the proposed closure status of the recommendations.

**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. GCBD has submitted documentation to the OIG for closure. Estimated completion date is 12/31/15.

**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 one remaining recommendation is to the Office of the Chief Information Officer and requires procedures to ensure system access is removed for terminated/transferred users in a timely manner. OCIO is coordinating with the Office of Human Resource Solutions and program offices to redesign and improve the separation process to ensure timely removal of system access. 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 9/30/16.

**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 eight remaining recommendations are to the Office of the Chief Financial Officer and require (1) demonstration of proficiency in price analysis; (2) retention of records used to establish price; (3) verification of price analysis procedures; (4) enhance internal controls in response to any weaknesses identified in OMB Circular A-123 Acquisition Assessment; (5) update payment processing internal controls; (6) provide a list of approvers to payment personnel; (7) implement attachment of a receiving report to each invoice; and (8) implement an automatic interface between systems to tie payments to a contract number instead of purchase order numbers. Resolution activities include (1) Training has been provided to current contracting officers on price analysis; procedures will be documented in a revised SOP which is under management review; (2) documents are retained and retention requirements will be incorporated in the revised SOP; (3) price analysis procedures will be documented in the revised SOP; (4) an acquisition assessment to comply with OMB Circular A-123 was conducted and the draft report is under review; internal controls will be enhanced if any weaknesses are identified in the assessment; (5) payment processing controls are in place and will be documented in the revised SOP; (6) providing a list of approvers to payment personnel will be addressed in the revised SOP; (7) a process for receipts will be included in the revised SOP; and (8) an interface between systems to ensure the contract number and purchase order number are the same is being evaluated. Estimated completion date is 1/31/17.

**Report # 13-14, Audit of 417 Unauthorized Commitments****Program:** OCFO**Date Issued:** 3/28/13**Management Decision Date:** N/A

**Explanation:** Two remaining recommendations to the Office of the Chief Financial Officer require (1) Incorporation of COR Acceptance Letter and FAR into COR's annual performance assessment; and (2) provide annual training to employees on managing contracts to avoid unauthorized commitments. Resolution activities include (1) working with OHRS to incorporate COR requirements in the annual performance assessment for CORS; estimated completion 7/31/16; and (2) technical training has been developed and uploaded into the Talent Management Center system and is

being reviewed by management; once deployed and 80% of employees have completed the training, OCFO will submit the matter to the OIG for closure. Estimated completion date is 7/31/16.

**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:** The one remaining recommendation requires the Office of the Capital Access to recover \$680,900 from a lender. The file is in the dispute resolution process. Estimated completion date is 12/31/15.

**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) developing a Data Analytics Model that will be used as a data source to store portfolio benchmark data and monitor risk tolerance limits; and (2) developing a Monitoring and Observation Tool to mitigate identified risk based on established benchmark levels and enhancing or adding additional controls as necessary. Estimated completion date 9/30/16.

**Report # 13-18, Audit of SBA's Defaulted Disaster Loans**

**Program:** OCA

**Date Issued:** 9/27/13

**Management Decision Date 3/31/14**

**Explanation:** Four recommendations to the Office of Capital Access require (1) transfer of loans in litigation after charge-off to Treasury if litigation is dismissed; (2) develop and implement controls and processes related to workouts; (3) develop and implement controls and processes related to liquidation; and (4) 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; (2) development and implementation of controls and processes related to workouts; (3) development and implementation of controls and processes related to liquidation; (4) SOP 50-52 has been updated and documentation has been submitted to the OIG to close this recommendation. Estimated completion date for all recommendations is 9/30/16.

**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:** Five 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 obtained; (3) periodic reviews of co-sponsorship files; and (4) training for staff. Resolution activities include (1) OCPL and OGC have drafted a revised SOP with significantly expanded coverage of the roles and responsibilities of fiscal agents and other cosponsors. The draft SOP, 90-75-4, is being reviewed by the AA/OCPL before being submitted for review by the Administrator. After the SOP is effective, OCPL and OGC likely will issue new revisions to the co-sponsorship template to reflect policies set forth in the SOP; (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 12/31/16. One recommendation is to the Office of General Counsel and requires revision of SOP 90 75 3 to include specific procedures on the disposition of excess funds that remain after co-sponsored activities. The General Counsel convened a task force to revise SOP 90 75 3. A revised SOP (SOP 90-75-4) on all outreach activities including co-sponsorships is under review. The revised SOP draft contains several pages describing proper disposal of excess co-sponsorship funds. Estimated completion date for all recommendations is 9/30/16.

**Report # 14-03, Audit of HUBZone Certifications**

**Program:** GCBD

**Date Issued:** 11/19/2013

**Management Decision Date:** 11/14/2013

**Explanation:** The two open recommendations to the Office of Government Contracting and Business Development that require (1) an Update to the HUBZone guidance based on the current certification process; and (2) a review of the HUBZone certification process to identify potential improvements to meet deadlines established by regulation. Resolution activities include (1) Updating and publishing HUBZone Standard Operating Procedures; and (2) amending the certification process so that actions are completed within an average of 90 days from the date application is electronically verified. Estimated completion date is 9/30/16.

**Report # 14-04, Audit of SBA's FY 2013 Financial Statements**

**Program:** OCIO and OCA

**Date Issued:** 12/16/13

**Management Decision Date:** 4/9/14

**Explanation:** Five recommendations include four that require the Office of the Chief Information Officer (1) implement procedures to periodically review user access; (2) enforce a network security baseline across the network; (3) improve information system logging and auditing program; and (4) grant elevated network privileges based on business need only and monitor privileged network accounts. Resolution activities include; (1) periodic review of user access has been implemented and the OCIO is working with OIG to close this recommendation; (2) the OCIO has enforced a security baseline across the LAN/WAN and the supporting evidence is being generated to close this recommendation; (3) the OCIO is deploying Splunk to provide robust logging and auditing capabilities on the LAN/WAN with an expected final action date of 2/1/16; and (4) the OCIO has deployed a segregation of duties matrix to prevent issuance of excessive privileged network accounts and is generating the supporting documentation to close this recommendation. Estimated completion date for all recommendations is 9/30/16. One recommendation requires the Office of Capital Access to implement controls to prevent and detect unauthorized changes to production programs. OCA is in the process of procuring software controls and estimates a completion date of 3/31/16.

**Report # 14-07, Audit of SBA's FY 2013 Financial Statements – Management Letter**

**Program:** OCFO

**Date Issued:** 12/16/13

**Management Decision Date:** 9/5/14

**Explanation:** The one remaining recommendation requires the Office of the Chief Financial Officer to develop, formalize and implement an up-to-date Standard Operating Procedure for monitoring and closing obligations. The SOP has been drafted and is under management review. Estimated completion date is 12/31/16.

**Report # 14-08, Audit of Quality Control at Loan Operation Centers****Program:** OCA**Date Issued:** 1/17/14**Management Decision Date:** 1/17/14

**Explanation:** The one remaining recommendation requires the Office of Capital Access, Office of Credit Risk Management, to establish and implement a plan to conduct quality assurance activities at SBA loan operation centers. OCRM is in the process of identifying a quality assurance staff and developing procedures. Estimated completion is 9/30/16.

**Report # 14-09, Audit of 7(a) Recovery Act Loans****Program:** OCA**Date Issued:** 1/29/14**Management Decision Date:** 1/29/14

**Explanation:** The one remaining recommendation requires the Office of Capital Access to recover \$685,691 from a lender. The file is going through the dispute resolution process. Estimated completion date is 3/31/16.

**Report # 14-12, FY2013 Federal Information Security Management Act Review****Program:** OCIO**Date Issued:** 4/30/14**Management Decision Date:** 4/30/14

**Explanation:** The five remaining recommendations require the Office of the Chief Information Officer (1) implement Personal Identification Verification (PIV) card logical access to all SBA systems, (2) improve Security Authorization Packages for retain all documentation; (3) upgrade remote access solution to include required encryption standards; (4) upgrade remote access solution to time-out after 30 minutes of inactivity; and (5) enhance security training for personnel with specialized security positions. Resolution activities include (1) PIV has been implemented for 85% unprivileged and 90% privileged accounts; estimated completion date is December 31, 2015, (2) SBA's Security Assessment and Authorization process has been updated to meet the requirements of FIPS 200 and aligned to the guidance with NIST 800-53 and NIST 800-37; a work plan has been developed to migrate to NIST 800-53 Rev 4 which addresses a recordable, repeatable process in the development of authorization documentation; (3) remote access system has been upgraded to meet FIPS 140-2 encryption requirements and documentation is being submitted to the OIG to close this recommendation; (4) remote access systems have been programmed to time-out after 30 minutes of inactivity and documentation is being submitted to the OIG to close this recommendation; and (5) users with specialized security access were identified and required to complete role-based security training with non-compliance resulting in disabled accounts until the training was completed; documentation is being submitted to the OIG for closure of this recommendation. Estimated completion date for all recommendations is 9/30/16.

**Report # 14-14, Audit of Performance Reporting of Disaster Loan Processing Time****Program:** ODA**Date Issued:** 6/30/14**Management Decision Date:** N/A

**Explanation:** The two remaining recommendations require the Office of Disaster Assistance to (1) report processing time for separately for automatically declined, pre-loss verification declined, and other processing declined applications; and (2) establish and report processing based on actual average processing times, net of automatic and pre-loss verification declined applications. ODA disagrees with both of these recommendations and is entering the dispute resolution process. Estimated completion date is 9/30/16.

**Report # 14-15, Audit of Non-Manufacturer Rules Waiver Program****Program:** GCBD**Date Issued:** 8/14/14**Management Decision Date:** 8/11/14

**Explanation:** The two remaining recommendations require the Office of Government Contracting and Business Development to publish a Standard Operating Procedure for the Non-Manufacturer Rules Waiver Program and establish procedures to ensure all data and memorandums are complete, accurate, and up-to-date. The Office of Government Contracting is developing an SOP for the Non-Manufacturer Rules Waiver Program which will include procedures for maintaining file documentation. Estimated completion date is 9/30/16.

**Report # 14-17, Audit of 2013 and 2014 Cash Gifts****Program:** OCPL**Date Issued:** 8/27/14**Management Decision Date:** 8/27/14

**Explanation:** The one remaining recommendation requires the Office of Office of Communication and Public Liaison to establish controls to ensure cash gifts from co-sponsored activities are documented and properly closed out. OCPL is working with the Office of General Counsel's outreach taskforce to establish controls including the development and implementation of a reporting system. Estimated completion date is 9/30/16.

**Report # 14-18, Audit of Small Disadvantaged Business and HUBZone Goaling****Program:** GCBD**Date Issued:** 9/24/14**Management Decision Date:** 9/10/14

**Explanation:** The two remaining recommendations require the Office of Government Contracting and Business Development to strengthen controls to ensure accuracy of 8(a) and HUBZone certification data in FPDS-NG; and to either modify system to allow 8(a) and HUBZone firm profiles and certification information remains visible and accurate to contracting officers or develop an alternative list to verify a firm's status. Resolution activities include identifying interface issues to determine the root cause(s) for inaccurate certification data in FPDS-NG and implement appropriate corrective actions. Estimated completion is 9/30/17.

**Report # 14-19, Audit of the District of Columbia Small Business Development Center****Program:** SBDC**Date Issued:** 9/29/14**Management Decision Date:** 9/29/14

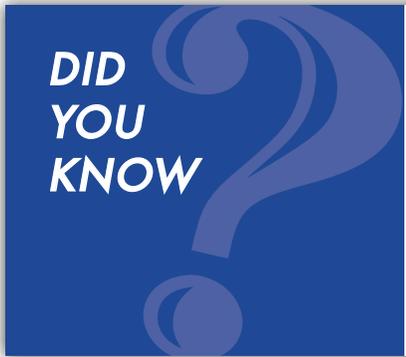
**Explanation:** The two remaining recommendations require the Office of the Small Business Development Centers to updated their Standard Operating Procedures to address statutory and regulatory changes and to establish corresponding internal controls; and to implement Lead Center controls to exclude excess sub-recipient costs when computing indirect costs. The Office of the Small Business Development Centers is updating their SOPs to include statutory and regulatory changes and estimate a completion date of 3/31/16. The enhancement of controls over indirect cost computation will be documented in a specific SOP with an estimated completion date of 9/30/16.

**Report # 14-20, Audit of Economic Injury Disaster Loans****Program:** ODA**Date Issued:** 9/29/14**Management Decision Date:** 9/18/14

**Explanation:** The one remaining recommendation requires the Office of Disaster Assistance to develop a checklist for key requirements in approving a loan. A checklist was developed and accepted by the OIG and will be incorporated into a system change by 12/22/15.

**Report # 14-21, Audit of LMAS Incremental Improvement Projects****Program:** OCIO**Date Issued:** 9/30/14**Management Decision Date:** 9/25/14

**Explanation:** The one remaining recommendation requires the Chief Information Officer to modify its Enterprise Architecture Roadmap to include all provisions of the LMAS IIPs. The planned action is to incorporate the LMAS architecture and new capability requirements plan once it is received from the Office of Capital Access into the enterprise architecture. Estimated completion date is 3/31/16.



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The SBA proudly recognized the **Small Business Development Center program** on 35 years of service to small business. The SBDC network counseled more than 1.2 million clients from 2009 through 2014, fueled by \$750 million in grants from the SBA. This funding has resulted in 82,000 new small business starts, access to \$24 billion in capital, and \$131 billion in small business revenue.

## SUCCESS STORY

### Phoenix Award for Outstanding Small Business Disaster Recovery

Moriches Inlet Marine, Inc.  
East Moriches, New York



**Conrad Kreuter's** retail shop and marina in East Moriches, New York typically stores about 500 boats each year. With a background in electrical engineering, Conrad's mind envisioned – with dread – the extent of the damages to the marina after Hurricane Sandy devastated the area on October 29, 2012. Windows were broken, and the destroyed walls exposed insulation and wiring. Sand and seaweed were attached to everything. Wet papers, twisted supply racks, light fixtures littered the floor, and the smell of dead fish was overwhelming.

Moving quickly, Conrad created a chart to plot the first tasks needed to mount a successful recovery. The damage was estimated at \$825,000. He set a goal of reopening on April 1, the beginning of the boating season.

Conrad kept his suppliers informed about his recovery efforts, and they in turn became a valuable resource. One vendor sent salespeople to help Conrad and his team remove debris and restock shelves. With the support of an SBA disaster loan, Conrad was able to keep his staff employed, rebuild his business, and contribute to the restoration of the local economy, which depends on the vibrant marina industry.

Conrad Kreuter, President of Moriches Inlet Marine, Inc., is the recipient of the *SBA 2015 Phoenix Award for Outstanding Small Business Disaster Recovery*.

