



Office of Inspector General U.S. Small Business Administration

June 29, 2020

The Honorable Gerald E. Connolly
Chairman, Subcommittee on Government Operations
Committee on Oversight and Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Connolly:

Thank you for your June 15, 2020 letter requesting an independent review by my office of the reconstitution plans for the U.S. Small Business Administration (SBA). The health and safety of the SBA workforce and the OIG workforce is a shared concern that I have with your Subcommittee and the Congress, at large. Pursuant to the Inspector General Act of 1978, as amended, SBA provides office space for OIG staff, and OIG staff often are collocated in buildings accommodating SBA program officials.

With SBA executing nearly \$700 billion of stimulus funds to mitigate the economic damage to the nation resulting from the COVID-19 pandemic, it is vital that the health and safety of SBA's workforce is foremost in the minds of SBA leaders. In May, SBA published its *COVID-19 Agency-wide Pandemic Reconstitution Plan*. The plan is dependent on state and local guidance and stage declarations relative to National Guidelines for *Opening Up America Again*. The plan also relies on guidance issued by the Centers for Disease Control and Prevention (CDC).

In mid-April, my office published a *Supplemental Oversight Plan for 2020*. This is an aggressive oversight plan that utilizes all available OIG resources to provide timely objective and independent oversight of the Paycheck Protection Program (PPP), the Economic Injury Disaster Loan (EIDL) program, and entrepreneurial development resources being implemented and executed by SBA pursuant to the CARES Act. When this plan was published, the PPP was authorized for \$349 billion dollars, and with the passage of the Paycheck Protection Program and Health Care Enhancement Act, P.L. 116-139, the PPP lending authority was expanded to \$659 billion.

OIG's resources are currently focused on providing oversight of the PPP funds and combating fraud, waste, and abuse in PPP and the other programs. We currently have five ongoing reviews involving PPP, EIDL, entrepreneurial development programs, and subsidy for 7a loan payments. These reviews are focused on SBA's

implementation of PPP, SBA's initial disaster assistance response to COVID-19, SBA's implementation of subsidy for 7a loan payments, and SBA's oversight of the resource partner associations' implementation of the CARES Act requirements and another focused on award procedures for cooperative agreements. We also have initiated dozens of investigations involving complaints of fraud, with noteworthy results being reported daily by the U.S. Department of Justice. Among these accomplishments was the first in the nation charges against individuals fraudulently seeking PPP loans, which was announced on May 5. This achievement was the result of dedicated work by OIG criminal investigators and its law enforcement partners. Currently, we are unable to perform the request of SBA's reconstitution plan in context of the priority reviews aimed at SBA's implementation of the PPP, EIDL, and entrepreneurial development programs; however, we will consider this request in our future planning efforts to provide oversight of SBA's programs and operations.

Please do not hesitate to contact me should you have any questions or wish to meet.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hannibal Ware', written in a cursive style.

Hannibal "Mike" Ware
Inspector General

Cc: The Honorable Jody B. Hice, Ranking Member
Subcommittee on Government Operations