Evaluation Report

Evaluation of SBA’s 2013 and 2014 Cash Gifts

AUGUST 27, 2014 **REPORT NUMBER 14-17**

U.S. Small Business Administration
Office of Inspector General
Washington, D.C. 20416

Final Report Transmittal
Report Number 14-17

Date: August 27, 2014

To: Tami Perriello, Acting Chief Financial Officer

Melvin Williams, Deputy General Counsel

Sara Lipscomb, General Counsel

Subject: Evaluation of SBA's 2013 and 2014 Cash Gifts

This final report presents the results of our *Evaluation of SBA's 2013 and 2014 Cash Gifts.* Our objective was to determine the adequacy of SBA controls over the solicitation, acceptance, holding, and utilization of cash gifts.

We conducted this evaluation in accordance with the Council of Inspectors General on Integrity and Efficiency (CIGIE) *Standards for Inspection and Evaluations*. Those standards require that we plan and perform the evaluation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our objectives.

We appreciate the courtesies and cooperation of the SBA extended to the staff during this evaluation. Please direct any questions to me at (202) 205-6587 or Jeff Brindle, Director, Information Technology and Financial Management Group at (202) 205-7490.

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/s/
Robert A. Westbrooks
Deputy Inspector General

Executive Summary

Evaluation of SBA's 2013 and 2014 Cash Gifts Report Number 14-17

What the OIG Reviewed

This report presents the results of our evaluation of the Small Business Administration's (SBA or Agency) cash gifts. The SBA has gift authority under sections 4(g), 8(b)(1)(G), 5(b)(9) and 7(k)(2) of the Small Business Act (the Act). Employees may solicit and accept gifts on behalf of the SBA after proper approvals, including a conflict of interest determination by SBA's Office of General Counsel. All gifts must be used in a manner consistent with the Act and any terms imposed by the donor. Section 4(g)(2) of the Act provides that any gift, devise, or bequest of cash accepted by the Administrator shall be held in a separate account and shall be subject to semiannual audits by the Inspector General who shall report his or her findings to Congress.

The objective of the evaluation was to determine the adequacy of SBA controls over the solicitation, acceptance, holding, and utilization of cash gifts. To accomplish our objective, we interviewed key current and former SBA employees including the former Executive Director of the National Women's Business Council; reviewed various management and financial records available for the period fiscal year 2013 and January 2014; and requested opinions from SBA officials on some issues. We also reviewed public records, applicable laws, regulations, policies, and procedures, and SBA documents such as internal and external correspondence, Financial Management System reports, accounting records, various other documents, and agreements with the Agency.

What the OIG Found

Based on our evaluation, we determined that the SBA obtained proper approvals to solicit and accept gifts for the 2013 National Small Business Week. The donors were properly vetted through the SBA program offices to ensure no business relationships existed that would cause a conflict of interest. The SBA's Office of General Counsel confirmed that no conflict of interest existed between the SBA and those entities. We also determined the SBA adequately complied with the Act regarding the holding of $36,510 and utilization of $29,106 in cash gifts. The SBA recorded the cash donations in the Business Assistance Trust Fund and made the funds available to the SBA program offices for expenditure. We further determined that those funds were used to pay for valid expenses in accordance with the Act.

We determined the SBA did not employ sufficient controls to ensure the acceptance of cash gifts. More specifically, the Office of Strategic Alliances erroneously reported to the Office of Inspector General that a $10,000 cash gift was received from an organization. This occurred due to the lack of communication between respective SBA officials. As a result, cash gifts reported in the 2013 OIG Spring Semiannual Report were overstated by $10,000. Also, the SBA did not timely close out its 2013 National Small Business Week cosponsored activity and accurately record and deposit the excess cosponsor funds that were gifted to the Agency. These issues occurred because the Office of Strategic Alliances did not provide adequate oversight, and did not correctly calculate excess cosponsored funds that should have been deposited in the Business Assistance Trust Fund. As a result, SBA personnel did not comply with SBA policies, and cash gifts deposited to the Business Assistance Trust Fund were understated by $300.

OIG Recommendations

We made three recommendations to improve controls over SBA's cash gifts authority and controls over the administration and close out of SBA's cosponsored activities.

Agency Comments

On July 11, 2014, we provided a draft copy of this report to SBA management for comment. On August 22, 2014, management submitted formal comments and generally concurred with our findings and the recommendations.

Action Taken

On July 16, 2014, the Agency issued Standard Operation Procedure 90 53, *Gifts to the Agency* which closed a long standing, open recommendation.

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Introduction

The SBA has gift acceptance authority under sections 4(g), 8(b)(1)(G), 5(b)(9) and 7(k)(2) of the Small Business Act (the Act). Employees may solicit and accept gifts on behalf of the SBA after proper approvals, including a conflict of interest determination by SBA's Office of General Counsel. All gifts must be used in a manner consistent with the Act and any terms imposed by the donor. Section 4(g)(2) of the Act provides that any gift, devise, or bequest of cash accepted by the Administrator shall be held in a separate account[1] and shall be subject to semiannual audits by the Inspector General who shall report his or her findings to Congress.

For fiscal year 2013, the Business Assistance Trust (BAT) Fund had a starting balance of $142,000, with $23,000 in deposits,[2] expenses of $29,106, and an ending balance of $136,000. Also, in January 2014, the SBA recorded a $36,510 deposit to the BAT Fund. This $36,510 represented the excess cosponsor funds that remained at the conclusion of the 2013 National Small Business Week (NSBW) cosponsored activity, and were gifted to the Agency.

In 2011[3] we noted that the SBA had not had a gifts standard operating procedure (SOP) since 2004. We recommended the General Counsel collaborate with the Offices of Chief Financial Officer and Strategic Alliances (OSA) to issue SOP 90 53, *Gifts to the Agency*, to include procedures for soliciting, accepting, depositing, expending, and tracking expenditures, as well as documentation retention requirements for cash gifts. The SBA has not issued this SOP. Consequently, in the absence of an SOP or current governing policies, we used the criteria outlined in 13 CFR 106 Subpart E, *Gifts* to perform our gift acceptance test work.

Our objective was to determine the adequacy of SBA controls over the solicitation, acceptance, holding, and utilization of cash gifts during fiscal year 2013 and in January 2014.

Results

Our evaluation found that the SBA adequately complied with the Act regarding the solicitation, holding, and utilization of cash gifts. The responsible SBA officials determined the gifts would be beneficial and the use of the gifts would further the Agency's mission. Sixteen non-federal organizations gifted $36,510 that remained from the 2013 NSBW, and they were properly vetted[4] through SBA's program offices to ensure no business relationships existed that would cause a conflict of interest in accordance with the Act.

Also, the Office of the Chief Financial Officer generally executed purchase orders and contracts within the prescribed timeframes. In addition, the SBA deposited and recorded cash gifts totaling $36,510 in the BAT Fund and made the funds available to the Office of the Administrator, Office of Communication and Public Liaison (OCPL), and various field offices for expenditure. During 2013, SBA officials spent $29,106 of existing BAT Funds to support some Agency outreach activities. We determined these expenses were acceptable uses of BAT Funds, in accordance with the Act. However, we found the OSA

[1] The Agency established the Business Assistance Trust Fund as a revolving trust for which all donated funds must be deposited.
[2] This deposit was included in OIG Evaluation Report 13-20, *Review of the SBA's 2012 Cash Gifts* issued September 26, 2013.
[3] OIG Audit Report 12-13, *Review of the SBA's Fiscal Year 2011 Cash Gifts* issued March 30, 2012.
[4] Vetting entails gathering information about each potential cosponsor in order for the General Counsel or designee to make a conflict of interest determination.

did not accurately report cash gifts received in fiscal year 2013. Further, the Agency did not timely close out the 2013 NSBW cosponsored activity, and did not properly record excess funds that remained at the conclusion of this activity. While we noted instances of inaccurate reporting of these funds, we did not identify any illegal or fraudulent activities during our evaluation.

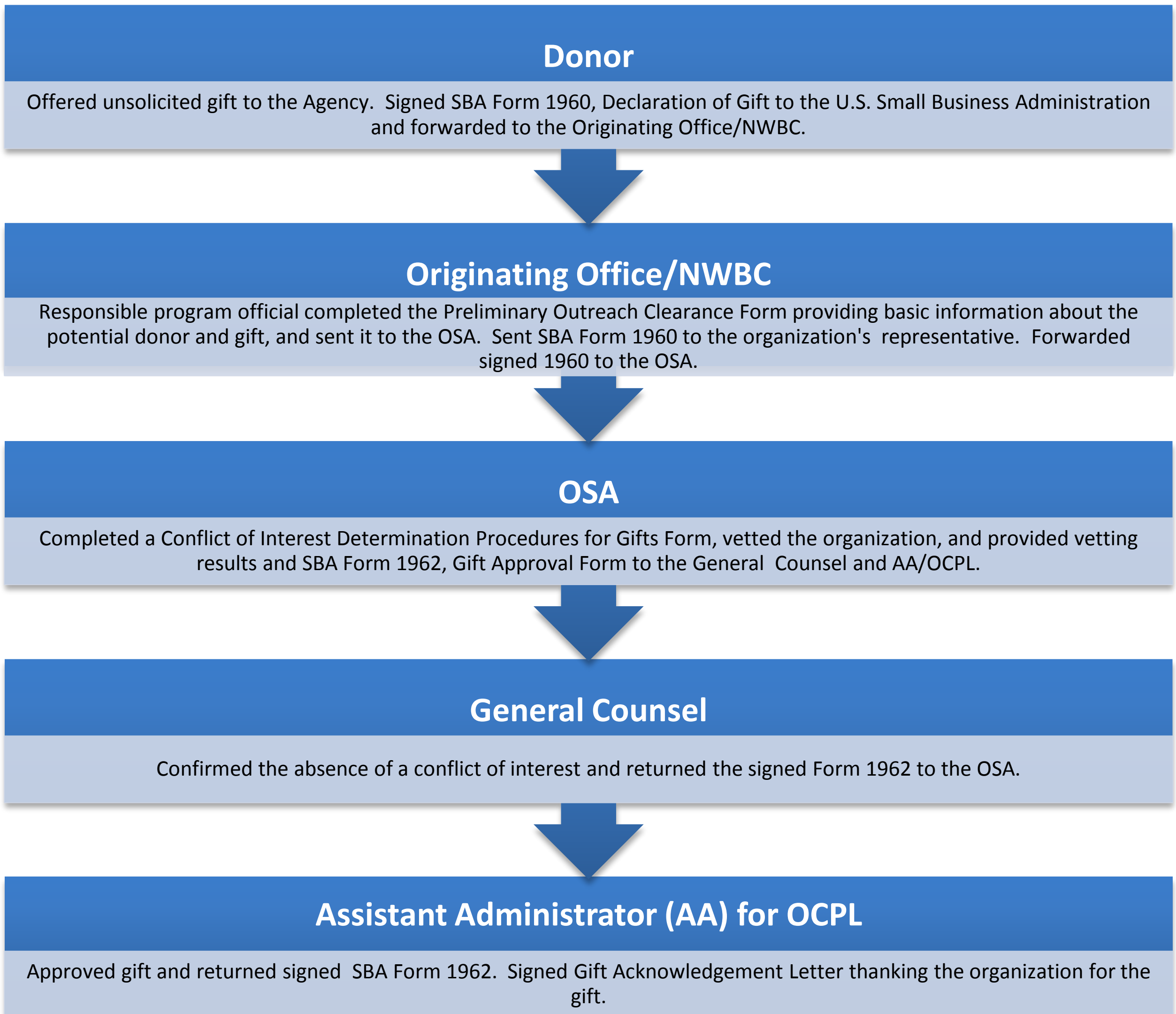
Finding 1: SBA Needs Improved Controls over its Cash Gifts Acceptance

The OSA did not maintain sufficient records for all Headquarters cash gifts in 2012 to accurately prepare the semiannual gifts report for the period covering October 1, 2012, to March 31, 2013. Specifically, an official in the OSA erroneously reported that an organization gifted the National Women's Business Council (NWBC) an unsolicited $10,000 cash gift in December 2012. This occurred because the NWBC did not report to OSA that the gift was not received. The OSA is responsible for providing the Agency's semiannual gift reports to the Office of Inspector General (OIG). In accordance with OMB Circular A-123, management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

Gift Acceptance

An organization offered an unsolicited $10,000 gift to the SBA. Several offices cooperated to ultimately approve the solicitation and/or acceptance of this gift to the Agency. For this potential gift, the Originating Office/Responsible Program Official, Approving Official, OSA, and General Counsel each performed key roles, as demonstrated below in Figure 1, *Key Roles and Responsibilities for Gift Approval*.

Figure 1: Key Roles and Responsibilities for Gift Approval



In December 2012, the organization's representative contacted the responsible program official (former NWBC Executive Director). This individual presented an opportunity for her organization to gift money to the NWBC to support women's outreach activities. The opportunity for NWBC to receive this gift was time sensitive because the transaction needed to be completed prior to the end of the calendar year when this organization closed it accounting books. Hence, the responsible NWBC official requested an expedited gift approval. On the same day, we noted that the responsible NWBC official contacted the Office of General Counsel and the OSA to initiate the gift acceptance process. The responsible NWBC official completed and submitted the *Preliminary Outreach Clearance Form* to the OSA. Subsequently, the OSA initiated the vetting process to determine whether any conflicts of interest existed between the Agency and the organization. On December 20, 2012, the AA for the OCPL and Office of General Counsel signed an SBA Form 1962, *Gift Approval Form* stating that no conflicts of interest existed. This letter also authorized the responsible NWBC official to accept the organization's gift. The same day, that organization's representative signed a letter declaring that the organization would provide the NWBC a $10,000 gift – the AA for OCPL also signed to accept the gift on the behalf of the SBA.

The OSA provided us a letter dated December 21, 2012, that was signed by the AA for OCPL. This letter stipulated that the SBA had accepted the gift and thanked the organization for its support. We found, however, that the responsible NWBC official never sent this letter to the organization. Instead, we determined that between December 21, 2012, and January 2, 2013, the responsible NWBC official continued to collaborate with the organization's representative seeking options to receive payment of the $10,000 gift. Despite those efforts, the organization was unable to establish a payable in their accounting system prior to their year-end closing. Consequently, the SBA did not receive the $10,000 gift.

While performing our test work, the OSA provided us the official Agency file for this potential gift. There was no documentation in the official file indicating that the responsible NWBC official had not received the $10,000 gift. The OSA subsequently informed us that the responsible NWBC official never notified their office that the gift was not received. Therefore we believe the lack of communication between the OSA and responsible NWBC official, as well as the AA for OCPL signing the thank you letter without subsequent acknowledgement or support that the gift had been received, attributed to the erroneous reporting of this gift. As a result, cash gifts reported, and included in the *OIG Semiannual Report to Congress Spring 2013* were overstated by $10,000.

Conclusion

The OSA does not have adequate policies and procedures to ensure that certain cash gifts are received. The OSA did not implement adequate internal controls for, and report cash gifts the Agency received in 2012. The OSA needs to implement sufficient controls to ensure the accurate reporting of cash gifts to the Agency. Although our evaluation found that the OSA coordinated the approval, processed the required paperwork, obtained the AA for OCPL approval and signature, and maintained the official Agency record, they had not implemented controls to ensure that cash gifts are received and timely deposited to the BAT Fund.

Recommendation

We recommend that the Deputy General Counsel:

1. Update the draft of SOP 90 53, *Gifts to the Agency* to state that in the case a gift is cancelled or not received after approval, that the Originating Office is responsible for notifying the OSA by email no later than the end of each semiannual reporting period (March 31 and September 30) to ensure that an accurate Agency report is submitted to the OIG, and issue the SOP.

Finding 2: Cash Gifts from a Cosponsored Activity were not Timely and Accurately Reported

The SBA did not timely close out the 2013 NSBW cosponsored activity, and deposit the correct amount of excess cosponsor funds to the BAT Fund. In accordance with SOP 90 75 3, *Cosponsored Activities*, the responsible program official should complete the cosponsorship file[5] within 60 calendar days of the cosponsored activity. In the event cosponsorship funds remain in the cosponsorship account after all

[5] SBA Form 2299, *Final Cosponsorship Report,* fiscal agent's final accounting report, and final budget.

the expenses have been paid, the excess funds may be returned to the cosponsors on a pro rata basis. Alternatively, the cosponsors may agree in writing that excess cosponsorship funds will be a gift to the Agency.[6] These gifts will be deposited to the BAT Fund.

The 2013 NSBW cosponsored activity occurred in June. We independently determined that all close out activities should have been completed no later than August 2013 (60 days following the conclusion of the activity). However, our review of the fiscal agent's[7] final accounting report[8] dated November 4, 2013 stipulated $366,465 total income ($350,000 was cosponsor funds); $313,579 in expenses, and $52,886 remaining after all expenses were paid. Of the remaining $52,886, the SBA Form 2299, *Final Cosponsorship Report* (no date) indicated that $300 was left in the account to pay ongoing fees, and to keep the account; therefore, $52,586 remained as excess funds from the cosponsors.

During a prior audit,[9] we were told the distribution of excess cosponsor funds should be accomplished during the 60-day close out period (i.e., August 2013). On November 7, 2013, the OSA sent letters to the cosponsors that depicted their respective, pro rata share of the excess $52,586, and inquired whether the cosponsor would like to donate their pro rata share or have it refunded to them. The letters further stipulated that for cosponsors who did not respond to OSA by the established due date (November 20, 2013), their shares would be processed as a gift to the Agency.

Our review of a spreadsheet that the OSA provided to us showed the actual disposition of the excess $52,586. The cosponsors submitted gift letters for $12,921, requested refunds for $15,776, and gifted $23,589 because they did not respond by November 20, 2013. We independently recomputed the amounts in the OSA spreadsheet and found the total for cosponsors who did not respond was incorrect; it should have been $23,889. Since the check dated December 12, 2013, for $36,510 that was deposited to the BAT Fund consisted of the gifts $12,921 and nonresponses $23,589, the deposit was not correct. The total deposit should have been $36,810.

We attribute the untimely close out of the 2013 NSBW to the: (1) lack of sufficient OSA oversight for this activity; (2) cosponsorship agreement reference to the SOP rather than specifying critical close out roles and responsibilities**;** (3) fiscal agent not submitting an accounting to the responsible program officials at the conclusion of the cosponsored activity; and (4) responsible program official not following up with the fiscal agent within a reasonable timeframe to obtain an accounting of the cosponsored activity. Further, cosponsor pro rata shares of the excess funds did not reconcile to the amount deposited in the BAT Fund due to human (miscalculation or mathematical) error. As a result of these issues, the SBA did not comply with its SOP, and the cash gifts deposit was understated by $300.

Conclusion

Cash gifts are monies the public trusts the Agency to use in carrying out mission-related activities. Cash is an asset that is highly susceptible to theft, loss, mismanagement, or misappropriation, as well as an increased risk of fraud. Due to its inherent nature, the SBA and its officials must implement rigorous

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[6] SOP 90 75 3 states that excess funds that are given to the Agency must be applied as directed in the SBA's gift procedures outlined in SOP 90 53, *Gifts to the Agency*. However, the SBA deleted this SOP in 2007 and has not had permanent procedures on cash gift acceptance and disposition since that time. OIG Report 12-13, *Review of the SBA's Fiscal Year 2011 Cash Gifts*, dated March 30, 2012, contains a recommendation that the SBA issue permanent policies on Agency acceptance of gifts.

[7] A cosponsor who receives all cash from cosponsors and participants and pays the expenses accordingly.

[8] This report includes total income (listing of cash contributions from all cosponsors and participant fees collected) and itemized list of expenses paid by the fiscal agent.

[9] OIG Audit Report 13-21, *SBA Enterprise-wide Controls over Cosponsored Activities* issued September 26, 2013.

controls to accept, report, and record its cash gifts. Key to this is ensuring that staff who plan the SBA activities are trained and knowledgeable regarding their fiduciary responsibilities including the laws, regulations, and policies that govern cash gifts authority. Responsible program officials have a responsibility to oversee and account for all funds collected in support of their respective activities. Further, responsible program officials and the designated fiscal agent must ensure the timely disposition of excess cosponsorship funds in accordance with SBA guidance.

By not effectively implementing adequate policies and procedures to address cash management and reporting, the SBA will be less able to identify areas of unnecessary spending or opportunities for greater efficiency or cost savings when cosponsoring these activities with public funds. Because of these conditions, SBA personnel did not comply with regulations and SBA policies, and did not ensure that private funds were spent in accordance with the intended purpose.

Recommendations

We recommend that the Deputy General Counsel:

2. Establish controls, such as a reporting system, to ensure that all activities are timely and properly closed out, and that all required documents and reports, as specified in SOP 90 75 3, *Outreach Activities* are obtained.
3. Contact the fiscal agent and request a check for $300 to be deposited in the BAT Fund.

Agency Comments and OIG Response

On July 11, 2014, we provided a draft copy of this report to SBA management for comment. On August 22, 2014, SBA management provided formal comments, which are included in their entirety in Appendix III. Management generally agreed with the findings and recommendations. A summary of management's comments and our response follows.

Recommendation 1 - Update the draft of SOP 90 53, *Gifts to the Agency* to state that in the case a gift is cancelled or not received after approval, that the Originating Office is responsible for notifying the OSA by email no later than the end of each semiannual reporting period (March 31 and September 30) to ensure that an accurate Agency report is submitted to the OIG, and issue the SOP.

Management Comments

SBA management concurred with the intent of this recommendation.

OIG Response

Management's comments were not responsive to our recommendation. SOP 90 53, *Gifts to the Agency* was issued in final on July 16, 2014 and the language in this recommendation was not included. We believe that adding this specific language to the SOP, clearly demonstrates the Originating Office's responsibility for notifying the OSA when a gift is cancelled or not received after approval. At the same time, we recognize the SOP was recently issued and the OSA may reinforce Originating Office responsibilities through alternative communication vehicles. Also, we will continue to assess the accuracy and completeness of controls over cash gift submissions. We consider this recommendation resolved and closed.

Recommendation 2 - Establish controls, such as a reporting system, to ensure that all activities are timely and properly closed out, and that all required documents and reports, as specified in SOP 90 75 3 are obtained.

Management Comments

SBA management concurred with this recommendation. Management stated that it is working in conjunction with the Office of General Counsel's outreach task force to establish controls including the development and implementation of a reporting system.

OIG Response

Management's comments were responsive to our recommendation. We consider this recommendation resolved but open pending completion of final action.

Recommendation 3 - Contact the fiscal agent and request a check for $300 to be deposited in the BAT Fund.

Management Comments

SBA management partially concurred with this recommendation. Management stated that the $300 remained in the fiscal agent's account to cover account servicing fees and to keep the account open for next year's NSBW cosponsored activity.

OIG Response

Management's comments were not responsive to this recommendation. The OIG accounted for the $300 that remained in the fiscal agent's account to cover account servicing fees and to keep the account open for next year's NSBW cosponsored activity. The $300 stipulated in this recommendation relates to a subsequent mathematical error that occurred while OSA calculated the pro rata share of an organization's donation to be gifted to the Agency. This organization's gift was calculated at $601, consequently only $301 was included in the $36,510 deposit to the BAT Fund. Although the OIG believes that collecting these excess funds and depositing them into the BAT Fund is appropriate, we do not deem the dollar threshold to warrant subsequent audit resolution activity. In the future, the OIG will continue to review closeout activities related to cosponsored activities. We consider this recommendation resolved and closed.

Appendix I: Scope and Methodology

Scope and Methodology

To complete our evaluation objectives, we interviewed key current and former SBA employees, including the former Executive Director of the National Women's Business Council and external sources; reviewed various management and financial records available for the period fiscal years 2013 and 2014; and requested opinions from SBA officials on some issues. We also reviewed public records, applicable laws, regulations, policies, and procedures, and SBA documents such as internal and external correspondence, financial management system reports, accounting records, BAT Fund documents, and agreements with the Agency.

Nature of Limited or Omitted Information

No information was omitted due to confidentiality or sensitivity, nor were there limitations to information on this evaluation.

Review of Internal Controls

The Office of Management and Budget (OMB) Circular A-123[10] provides guidance to federal managers on improving the accountability and effectiveness of federal programs and operations by establishing, assessing, correcting, and reporting on internal controls.

The SBA's internal control systems SOP provides guidance on the implementation and maintenance of effective systems of internal control as required by the OMB. According to the OMB, effective systems of internal control improve the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal controls.

Use of Computer-Processed Data

We relied on the data prepared by the SBA program offices, as well as reports that were generated from the Joint Accounting and Administrative Management System. The SBA identified the entities who donated cash gifts. Additionally, we performed online information searches and queries utilizing the Joint Accounting and Administrative Management System. We believe the information is reliable for the purposes of this evaluation.

Prior Coverage

Small Business Administration-Office of Inspector General Reports

Audit Report 13-21, *SBA Enterprise-wide Controls over Cosponsored Activities,* issued September 26, 2013.

Audit Evaluation Report 13-20, *Evaluation of SBA's 2012 Cash Gifts*, issued September 26, 2013.

Audit Evaluation Report 12-13, *Review of the SBA's Fiscal Year 2011 Cash Gifts*, issued March 30, 2012.

[10] OMB Circular A-123, *Management's Responsibility for Internal Control* dated December 21, 2004.

Appendix II: Background

Cash Gifts Authority

The SBA is required to follow specific federal laws and regulations regarding gifts, and donations. The Act, along with SBA regulations at 13 CFR 106 Subpart E governs SBA's gift authority. The Act, Public Law 85-36, as amended, gives SBA's Administrator the authority to solicit, accept, hold, administer, utilize, and dispose of gifts, devises, and bequests of cash, certain property, subsistence, and services to carry-out its mission. The Agency may solicit and accept these gifts in support of cosponsored activities; SBA-sponsored activities; general SBA marketing and outreach activities; and other activities which further the mission of the Agency as determined by the Administrator.

Acceptance of Unsolicited Gifts

Several offices must cooperate to ultimately approve the solicitation and/or acceptance of a gift to the Agency. In accordance with 13 CFR 106 Subpart E, *Gifts*: (1) There must be written documentation of each gift solicitation and/or acceptance signed by an authorized SBA official; (2) Any gift solicited and/or accepted must undergo a determination, prior to solicitation of the gift or prior to acceptance of the gift if unsolicited, of whether a conflict of interest exists between the donor. The General Counsel, or designee, must make the final conflict of interest determination. No gift shall be solicited and/or accepted under the Act if such solicitation and/or acceptance would, in the determination of the General Counsel (or designee), create a conflict of interest; and (3) All cash gifts donated to the SBA under the authority cited in 13 CFR Part 106.500 must be deposited in an SBA trust account at the U.S. Department of the Treasury. The OSA prepares the semiannual reporting to the Office of Inspector General.

Cash Gifts to Support Cosponsored Activities

Section 4(h) of the Act authorizes the Agency to provide assistance for the benefit of small businesses through cosponsored activities with any eligible entity. This assistance must be for the benefit of U.S. businesses and further the mission of the Agency. Assistance generally includes training, education, or dissemination of information. Agency policies and procedures applicable to cosponsored activities are contained in SOP 90 75 3, *Outreach Activities.* According to the SOP, the responsible program official accountable for a specific cosponsorship activity will be a senior management official from the office originating the activity, i.e., a district director at the district office level or a management board member at the headquarters level. The OSA has the general duty to monitor all cosponsorships and address problems and concerns of which the Director is made aware.

Post Activity Close out Requirements

At the conclusion of a cosponsored activity, the responsible program official must ensure all the proper documentation and paperwork is completed and submitted to OSA for the official cosponsorship file. He/she is also responsible for ensuring any excess cosponsorship funds are handled according to the terms and conditions established in SOP 90 75 3. In the event cosponsorship funds remain in the cosponsorship account after all the expenses have been paid, the cosponsors must decide how to handle the excess funds in accordance with this SOP. If the source of excess funds is cash contributions from cosponsors, the excess funds may be returned to the cosponsors on a pro rata basis or the cosponsors may agree in writing that excess cosponsorship funds will be a gift to the Agency. The responsible program official should complete the cosponsorship file within 60 calendar days of the cosponsored activity.

Appendix III: Agency Comments

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

Date: August 22, 2014

To: Robert Westbrooks
Deputy Inspector General

Through: Sara D. Lipscomb
General Counsel

From: Melvin F. Williams, Jr.
Deputy General Counsel

Mina A. Wales
Deputy Assistant Administrator
Office of Communications and Public Liaison

Copy: Tami Perriello
Acting Chief Financial Officer
Office of the Chief Financial Officer

Subject: Agency Response to *Evaluation of SBA's 2013 and 2014 Cash Gifts*

I. OCPL Response

The Office of Communications and Public Liaison (OCPL) appreciates the opportunity to respond to the draft report "Evaluation of SBA's 2013 and 2014 Cash Gifts." We also appreciate the OIG's acknowledgement of the agency's completion and posting of the updated SOP 90 53Gifts to the Agency.

OCPL concurs with the OIG's intent behind the recommendation to mean that in the case a gift is cancelled or not received after approval, that the Originating Office is responsible for notifying OSA by email no later than the end of each semiannual reporting period.

OCPL concurs with the OIG's recommendation to establish controls and we are working in conjunction with OGC's outreach taskforce to also develop and implement a reporting system.

OCPL partially agrees with the OIG's recommendation to contact the fiscal agent and request a check for $300 to be deposited in the BAT Fund. The $300 remaining in the account will be used by the fiscal agency to cover account servicing fees and to keep the account open for next year's NSBW cosponsored event.