

# SBA'S OVERSIGHT OF THE GRANT RECIPIENT'S IMPLEMENTATION OF THE CARES ACT RESOURCE PARTNERS TRAINING PORTAL

REPORT NUMBER 22-07 | JANUARY 18, 2022





# EXECUTIVE SUMMARY

## SBA'S OVERSIGHT OF THE GRANT RECIPIENT'S IMPLEMENTATION OF THE CARES ACT RESOURCE PARTNERS TRAINING PORTAL

Report 22-07

January 18, 2022

### What OIG Reviewed

We evaluated the Small Business Administration's (SBA) handling of the grant to train, counsel, and educate small businesses on federal resources available in the wake of the Coronavirus Disease 2019 (COVID-19) pandemic.

The Coronavirus Aid Relief and Economic Security (CARES) Act authorized funds up to \$25 million for SBA to administer a grant to an association or associations representing resource partner centers to establish a single centralized hub for COVID-19 information.

The hub was to include two centrally controlled but independent functions. One, it was to serve as an online portal that consolidated resources and information available from SBA and multiple federal agencies for small business concerns. Two, it was to service as a training program to educate resource partner counselors and mentors on the resources available on the hub.

Our objective was to determine whether SBA provided effective oversight to ensure the portal was implemented in accordance with CARES Act and grant requirements.

To meet our objective, we reviewed applicable legislation and federal regulations, as well as SBA's grant management policies and oversight procedures. We also reviewed the funding opportunity announcement, notice of award, and the grant recipient's technical proposal. Finally, we interviewed program officials and the grant recipient.

### What OIG Found

We found SBA ensured the grant recipient developed and launched the hub on schedule, the hub functioned properly and met the technical requirements for federal websites. However, SBA did not ensure the grant recipient developed and implemented an effective marketing and outreach strategy to ensure the hub successfully achieved the legislative purpose of the CARES Act. In addition, neither SBA nor the grant recipient set targets for any of the performance goals.

Without performance targets, program officials could not hold the grant recipient accountable for ensuring the hub served as a major source of

COVID-19 related resources for small businesses and a training portal for the resource partners counselors and mentors.

SBA awarded \$18.6 million for the informational and training hub. In the critical first year of the disaster response and launching the hub less than 1 percent of the 30 million small businesses it was intended to help used it and only 62 of approximately 14,000 resource partner counselors and mentors completed any of the training modules.

We also found the grant recipient awarded contracts without assessing the reasonableness of contract costs in accordance with federal procurement requirements.

In addition, the grant recipient authorized work that was prohibited for this grant award and did not assess whether a vendor was free from conflicts of interest. Also, SBA reimbursed the grant recipient for pre-award management expenses even though the invoice for the expenses showed they were unallowable, unreasonable, and unsupported.

We questioned \$14.8 million in costs that either did not adhere to procurement requirements or were not properly supported.

### OIG Recommendations

We made five recommendations to improve the SBA's oversight of the grant recipient's implementation of the informational and training hub and compliance with procurement requirements.

### Agency Response

SBA agreed or partially agreed with three of the five recommendations. The agency plans to implement corrective actions that will align performance goals with agency goals. It will also enhance oversight of the grant recipient's compliance with award terms and federal requirements.

Management disagreed with recommendations 4 and 5. OIG will seek resolution of those recommendations in accordance with our audit resolution policies and procedures.




# Office of Inspector General

U.S. Small Business Administration

**DATE:** January 18, 2022

**TO:** Isabella Casillas Guzman  
Administrator

**FROM:** Hannibal "Mike" Ware  
Inspector General 

**SUBJECT:** SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal (Report 22-07)

This report presents the results of our evaluation of *SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal*. We considered management's comments on the draft of this report when preparing the final report. We edited recommendation 3 to provide management flexibility when taking corrective actions. Management agreed or partially agreed with three of the five recommendations in the report. Two recommendations are pending resolution.

We appreciate the courtesies and cooperation provided by your staff. If you have any questions, please contact me or Andrea Deadwyler, Assistant Inspector General for Audits, at (202) 205-6586.

cc: Antwaun Griffin, Chief of Staff, Office of the Administrator  
Arthur Plews, Deputy Chief of Staff, Office of the Administrator  
Peggy D. Hamilton, General Counsel  
Mark Madrid, Associate Administrator, Office of Entrepreneurial Development  
Yvette Collazo Reyes, Deputy Associate Administrator, Office of Entrepreneurial Development  
Kate Aaby, Associate Administrator, Office of Performance Planning, and the Chief Financial Officer  
Michael Simmons, Attorney Advisor, Office of General Counsel  
Joshua Barnes, Acting Director, Office of Continuing Operations and Risk Management  
Tonia Butler, Director, Office of Internal Controls

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## **Introduction**

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted March 27, 2020, authorized up to \$25 million for SBA to establish a single centralized online hub for Coronavirus Disease 2019 (COVID-19) information.

The hub was to include an online portal to consolidate resources and information available from SBA and multiple federal agencies about available federal resources related to COVID-19. The hub's other intended function was a training program to educate SBA's resource-partner counselors and mentors about the available resources.

## **Resource Partner Training Portal Administration**

SBA's Office of Entrepreneurial Development helps small businesses start, grow, and compete in global markets through a network of resource partner programs between SBA and nonprofit entrepreneurial development organizations across the country. The nationwide network of approximately 13,000 counselors and mentors provide training, counseling, and technical assistance to small businesses and aspiring entrepreneurs on topics such as how to access capital or federal contracts, complying with federal and state regulations, business planning, marketing, and business training.

SBA awarded, and the Office of Entrepreneurial Development administered, the grant for \$18.6 million to America's Small Business Development Centers, which teamed with the Association for Women's Business Centers, to develop what was eventually known as the Resource Partner Training Portal program. The office was also responsible for overseeing the grant recipient's plans and activities for developing and launching the portal and ensuring that intended results were achieved.

America's Small Business Development Centers and the Association of Women's Business Centers represent a nationwide network of SBA's resource partners that support small business development and women-owned businesses.

Phase one of portal development included determining which federal agencies to include on the portal and what information to provide, as well as meeting all the federal technical requirements for websites. Phase two consisted of developing the curriculum for counselors and mentors, including the format of the training program and its content.

## **Objective**

The objective of our evaluation was to determine whether SBA provided effective oversight to ensure the resource partner training portal was implemented in accordance with the CARES Act and grant requirements.

## **Finding 1: Portal Launched but Not Achieving Intended Purpose**

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SBA ensured the grant recipient developed and launched the portal on schedule, the portal functioned properly and met federal website technical requirements. However, SBA did not ensure the grant recipient implemented an effective marketing and outreach strategy to maximize the number of small businesses and resource partner counselors and mentors obtaining information on federal resources available in the wake of the COVID-19 pandemic. SBA and the grant recipient also did not set targets for performance goals to assess whether the portal met the intended purpose.

The portal did not serve as a major source for COVID-19 information and SBA's resource partner counselors and mentors generally did not use the training portal. SBA awarded the grant recipient \$18.6 million and less than 1 percent of 30 million eligible small business concerns used the portal. In addition, a total of only 62 of approximately 13,000 resource partner counselors and mentors completed any of the training modules.

### **Grant Recipient's Digital Marketing Campaign Did Not Reach Majority of Small Businesses and Resource Partner Counselors and Mentors**

SBA's grant funding opportunity announcement included a requirement for the portal to serve as a major source of COVID-19 information for small businesses looking for information on the internet. SBA also required that the portal provide training to SBA's resource partner's counselors and mentors on the resources available so they could better assist small business clients.

However, SBA did not ensure the grant recipient effectively planned its marketing and outreach strategy to ensure the portal served as major source of COVID-19 information for small businesses. The marketing and outreach strategy did not ensure small businesses were aware the portal existed or that counselors and mentors completed the training modules.

Although the grant recipient proposed a digital marketing campaign, it did not include search engine optimization to ensure the portal could be easily found through internet searches. The grant award terms and conditions required the grant recipient use search engine optimization to continuously improve the information on the platform to increase its ranking in search engine results.

SBA approved the grant recipient's budget, which included \$1 million for a digital media specialist contract to market the portal but without a detailed plan on how funds would be spent.

The grant recipient used social media posts on Facebook, Twitter, Instagram, and LinkedIn to promote the information portal and reach resource-partner counselors and mentors. However, the grant recipient's approach focused primarily on reaching the 1.1 million small businesses already within the resource partners' network and not the other 28.9 million small business concerns.

Within the first year of the pandemic and implementation of an average of only about 13,000 (less than 1 percent) of the approximate 30 million eligible small business concerns used the

information portal at [COVID.SB.org](https://COVID.SB.org) to find information on resources available. During that same period, a total of 62 of 14,000 counselors and mentors completed any of the training modules.

In February 2021, the grant recipient requested an additional \$1.5 million to increase its marketing and outreach efforts to focus on the 28.5 million small businesses, which the grant recipient acknowledged had been left out of the original digital marketing and outreach plan. As of September 2021, SBA had not approved the request.

## **Targeted Performance Goals Needed to Set Performance Expectations and Hold Grant Recipient Accountable**

The CARES Act required program officials to negotiate the performance goals for the information and training portal with the grant recipient.<sup>1</sup> In addition, federal goal-setting standards recommend that performance goals include a performance indicator, target, and a time period to measure achievement.

Clear performance goals with targets are essential for program officials to accurately assess and interpret grant recipient's performance results. However, as we reported earlier in 2021 (Report 21-11),<sup>2</sup> program officials negotiated with the grant recipient to establish performance goals and indicators for the information portal, but the performance goals were broad, and the grant recipient did not set targets (See Table 1).

For example, one of the performance goals was "number of counselors and mentors trained" and the performance indicator for that goal was "number of learning modules started, in progress, and completed." Neither SBA program officials nor the grant recipient set a target for a realistic number of counselors to be trained so progress could be measured.

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<sup>1</sup> Public Law 116-136, CARES Act, Sec. 1103 (c)(2).

<sup>2</sup> Report 21-11: *Evaluation of SBA's Award Procedures for the Coronavirus Aid, Relief, and Economic Security Act Entrepreneurial Development Cooperative Agreements.*



**Table 1. Portal Performance Goals and Indicators**

<b>Programs</b>	<b>Performance Goals</b>	<b>Performance Indicators</b>
Information Portal	Develop and Evolve Online Platform for Covered Businesses Concerns	Number of visitors Unique Visitors Page Views Average Time on Site; Average Time on Individual pages Bounce Rate New Page Sessions Source Entrance and Exit Locations Digital Marketing Ad Campaign Performance (return on investment such as Cost per click, cost per campaign, conversion rate, etc.)
Training Portal for Resource Partner Counselors and Mentors	Develop and Evolve Training Program for Program Counselors Number of Counselors Trained	Number of Individual Registrations, Active and Inactive Users Number of Learning Modules Started, In Progress and Completed Time Spent on Learning Course Learner Preferences Learning Satisfaction Ratings Learning Proficiency

Source: Notice of Awards’ Terms and Conditions, Workplans, and CARES Act, Section 1108

Program officials told us they did not negotiate targets for the performance goals because they had been focused on awarding the grant quickly to ensure the information resources were available.

Federal regulations allow program officials to withhold funds when grant recipients are not meeting the requirements of award.<sup>3</sup> However, because program officials did not establish performance targets, program officials were unable to effectively monitor the grant recipients’ performance or hold them accountable for low performance results.

## **Recommendations**

We recommend the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to:

1. Require the grant recipient to enhance its marketing and outreach strategy to include plans to reach a greater number of small businesses and resource-partner counselors and mentors. The grant recipient should also set clear performance goals with realistic targets before SBA awards any additional funds for the COVID-19 resource and training portal, as required by CARES Act Section 1103(c)(2).

<sup>3</sup> 2 CFR § 200.338(a).



## **Finding 2: Better Oversight of Grant Recipient Needed to Ensure Compliance with Federal Procurement Requirements**

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SBA did not ensure the grant recipient adhered to applicable federal procurement requirements when contracting for services to implement the information and training portal. SBA did not ensure the grant recipient:

- established a basis for whether the costs were reasonable before soliciting and awarding contracts,
- adhered to award terms and conditions, which prohibited outsourcing regular project management duties, or
- appropriately vetted the vendor.

In addition, SBA reimbursed the grant recipient \$100,000 for pre-award project management expenses although under the terms of the grant, the expenses were not allowable.

Program officials could have detected the unauthorized project management services and cost concerns if they had adequately reviewed the grant recipient's justifications for selecting contractors. Officials also should have followed SBA standard procedures for reviewing reimbursement requests. Officials also should have verified that costs were reasonable and allowable, as well as supported, before reimbursing the grant recipient.

### **Grant Recipient Did Not Follow Procurement Procedures to Ensure Reasonable Contract Costs**

SBA authorized the grant recipient to use noncompetitive award procedures to purchase goods and services to develop the portal. Federal procurement standards allow agencies to award noncompetitive contracts in certain circumstances, such as when requirements are of such urgency that the need will not permit the time needed to advertise a competitive solicitation.<sup>4</sup> In accordance with those standards, SBA authorized the grant recipient to use noncompetitive award procedures to purchase goods and services to develop the portal.

Federal procurement standards, however, also require cost or price analysis if the proposed cost exceeds the simplified acquisition threshold, which was \$750,000 at the time of the awards. The method and degree of analysis depends on the details of the purchase, but as a starting point, grant recipients are required to develop independent estimates before receiving bids or proposals.<sup>5</sup> Grant recipients are also required to negotiate profit as a separate element in the price for each contract<sup>6</sup>.

The grant recipient solicited and awarded noncompetitive contracts, one for web development services for \$13,264,374 and another for media services for nearly \$998,400, both of which exceeded the simplified acquisition threshold. In the grant recipient's justification sent to SBA for selecting the contractors, the grant recipient stated the costs for the services were

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<sup>4</sup> 2 CFR § 200.320(f).

<sup>5</sup> 2 CFR § 200.323(a).

<sup>6</sup> 2 CFR § 200.323(b).

reasonable based on historical and current cost data for similar services performed under other federal contracts.

However, the grant recipient did not analyze each cost element included in the contracts, including the profit margin, to determine whether costs were reasonable, as required. Program officials told us they did not enforce the requirement because they did not think that the grant recipient was required to analyze costs under noncompetitive award procedures. As a result, the grant recipient awarded \$14.3 million for the services without any assurances that the costs were fair, reasonable, or in the best interest of the government (see Appendix II for questioned costs).

## **Grant Recipient Awarded Prohibited Project Management Services Contract**

The grant recipient awarded a contract for project management services although the grant award terms and conditions specifically prohibited a contract award for project management services. The grant recipient budgeted \$500,000 for including acting as the daily project manager for administrative matters, which was expressly prohibited in the terms and conditions of the grant.

Initially, the grant recipient authorized the project management work to a vendor with whom there was an appearance of a conflict of interest because the firm also lobbied for the CARES Act on behalf of the Association for Women's Business Centers, who teamed with the grant recipient for the award. SBA did not ensure the grant recipient evaluated their relationships for possible conflicts of interest before authorizing work.

Of concern was whether the vendor could give impartial, and objective assistance and advice when carrying out the project management services.

Program officials had immediately raised concerns about the appearance and potential for a conflict of interest once they were made aware that the vendor was working on the project. They requested the grant recipient provide evidence that procedures for identifying and avoiding conflict of interest had been followed and the factors considered. Program officials told us they did not know earlier of the potentially compromised vendor because SBA's approval before the grant recipient awarding contracts was not required.

The grant recipient eventually stopped working with the vendor and selected another vendor to provide project management services. But SBA reimbursed the grant recipient \$100,000 for pre-award project management work the vendor claimed to have performed before the grant was awarded.

According to federal regulations, pre-award costs are incurred before the effective date of the federal award if the costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the federal award and only with the written approval.<sup>7</sup>

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<sup>7</sup> 2 CFR § 200.458.

SBA's standard procedure required program officials to certify that costs incurred were described in detail and supported. The procedure also required program officials to follow up on any vague or unclear responses from the grant recipient.<sup>8</sup>

SBA reimbursed the grant recipient even though the grant terms and conditions prohibited contracting for project management services and the vendor's invoice did not specify actual work performed. In addition, the grant recipient did not perform an adequate cost analysis to justify that the vendor's hourly rates were reasonable. Because the \$100,000 pre-award cost did not meet any of the pre-award requirements, SBA should not have incurred the cost and should seek reimbursement from the grant recipient.

## **Recommendations**

We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to:

2. Implement procedures for enhanced financial oversight of the CARES Act Resource Partner Training Portal program to ensure the program office enforces the grant requirements and follows federal procurement standards when using noncompetitive contracting options. The requirements include a price or cost analysis for awards that exceed the simplified acquisition threshold and ensuring the grant recipient adheres to the terms in the Notice of Award.
3. Evaluate whether the contract costs for web development services and media services are reasonable and remedy any violations.
4. Assess and recover the amount spent on the unallowable contracted project management services expenses incurred during the performance of the grant.
5. Recover the \$100,000 paid for unallowable pre-award project management expenses.

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<sup>8</sup> SOP 00 18 01.

## Analysis of Agency Response

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SBA management provided formal comments that are included in their entirety in Appendix III. After receiving management's written comments, we followed up with program officials to clarify their proposed corrective actions and implementation timelines. SBA managers agreed or partially agreed with three of the five recommendations and their proposed actions resolved those recommendations.

We did not reach a resolution on recommendations 4 and 5. Management disagreed with the recommendations and did not provide a detailed explanation to support their disagreement. In accordance with our audit follow-up policy, we will attempt to reach agreement with SBA management on the unresolved recommendations within 60 days after the date of this final report. If we do not reach agreement, OIG will notify the audit follow-up official of the disputed issues.

### Summary of Actions Necessary to Close the Report

The following sections detail the status of the recommendation and actions necessary to close them.

#### Recommendation 1

Require the grant recipient to enhance its marketing and outreach strategy to include plans to reach a greater number of small businesses and resource-partner counselors and mentors. The grant recipient should also set clear performance goals with realistic targets before SBA awards any additional funds for the COVID-19 resource and training portal, as required by CARES Act Section 1103(c)(2).

#### Status: Resolved.

SBA managers partially agreed with this recommendation. They stated that prior to receiving the draft report, SBA provided additional funds to the grant recipient to enhance the marketing and outreach strategy to reach a greater number of small businesses and mentors. The managers stated they will better define performance goals and targets that support SBA's mission. The managers stated they will collect performance data for the initial year to serve as a baseline for establishing performance goals in any future awards. They plan to update policies and collect performance data by March 31, 2022. This recommendation can be closed when the managers provide evidence that they issued updated policies and procedures and evidence of the performance data they collected to use as a baseline for future grant awards.

#### Recommendation 2

Implement procedures for enhanced financial oversight of the CARES Act Resource Partner Training Portal program to ensure the program office enforces the grant requirements and follows federal procurement standards when using noncompetitive contracting options. The requirements include a price or cost analysis for awards that exceed the simplified acquisition threshold. Another requirement ensures the grant recipient adheres to the terms in the Notice of Award.

**Status: Resolved.**

Management agreed with the recommendation and plans to implement policies and procedures for enhanced oversight to ensure grant recipients adhere to 2 CFR 200 Procurement Standards and terms in the Notice of Award. Management plans to implement the policies and procedures for the enhanced oversight by March 31, 2022. The recommendation can be closed when the managers provide evidence that they issued policies and procedures for enhanced oversight of the grant recipient's compliance with federal regulations and the notice of award.

### **Recommendation 3**

Evaluate whether the contract costs for web development services and media services are reasonable and remedy any violations.

**Status: Resolved.**

Management agreed with the recommendation and plans to evaluate whether the contract costs for web development and media services were reasonable by February 28, 2022 and remedy any violations. This recommendation can be closed when the managers provide evidence that they evaluated the contract costs and remedied any violations.

### **Recommendation 4**

Assess and recover the amount spent on the unallowable contracted project management services expenses incurred during the performance of the grant.

**Status: Unresolved.**

SBA managers disagreed with this recommendation, stating that their approval was for allowable, reasonable, and allocable costs for services performed that benefitted the project in accordance with federal regulations. However, the managers did not provide a detailed explanation for their disagreement or evidence to support that the questioned payments were allowable under the terms and conditions of the award. As a result, we maintain our position that the expenses for contracted project management services were expressly prohibited in the grant award terms and conditions. This recommendation can be closed when SBA managers provide evidence that they have determined how much was paid for unallowable project management services expenses and provide evidence that they have recovered any unallowable costs.

### **Recommendation 5**

Recover the \$100,000 paid for unallowable pre-award project management expenses.

**Status: Unresolved.**

Management disagreed with this recommendation, stating that the payments approved for pre-award project management expenses were allowable, reasonable, and allocable, and the services performed benefitted the project in accordance with federal regulations. However, SBA managers did not provide a detailed explanation for their disagreement or evidence to support that the questioned costs were allowable under the terms and conditions of the award. As a result, we maintain our position, that the expenses for contracted project management services were expressly prohibited in the grant terms and conditions. We also maintain our position that program officials did not ensure they followed SBA's policies for approving payments since the vendor's invoice did not specify actual work performed. This recommendation can be

closed when management provides evidence that the costs were allowable or that they recovered \$100,000 for the unallowable expenses.

## Appendix I: Objective, Scope, and Methodology

Our objective was to determine whether SBA exercised effective oversight over the Resource Partner Training Portal to ensure it was developed in accordance with the CARES Act and grant requirements.

To meet our objective, we reviewed SBAHQ-20-C0118, a grant totaling nearly \$18.6 million awarded to America’s Small Business Development Centers on April 29, 2020, to design and launch the Resource Partner Training Portal. The period of performance for the grant ends April 26, 2022.

SBA approved a teaming agreement between America’s Small Business Development Centers and the Association for Women’s Business Centers to jointly administer the award on May 21, 2020. We reviewed the grant recipient’s progress in meeting the grant requirements as of July 31, 2021 (see Table 2).

**Table 2. Approved Grant Budget and Actual Costs as of July 31, 2021**

Cost Category	Budget (dollars)	Actual Project Cost (dollars)
Personnel	506,824	88,120
Fringe Benefits	120,624	20,873
Travel	96,000	--
Supplies	52,628	4,041
Contractual	17,670,000	9,312,128
Other	24,872	9,428
Indirect Cost	112,608	35,506
Total	18,583,556	9,470,195

*Source:* Approved budget for grant award SBAHQ-20-C0118 and grant recipient’s Form A-9, Detailed Expenditure Worksheet (April 27, 2020, to July 31, 2021)

We reviewed the Notice of Award, special terms and conditions, Work Plan Narrative, quarterly financial and performance reports, and other applicable documentation. We also reviewed the requirements in the CARES Act legislation, funding opportunity announcements, notice of award, and SBA policy directives, and memorandums of the Office of Management and Budget.

In addition, we reviewed award documentation to determine whether SBA officials included all applicable CARES Act provisions, Public Law 116-136, Sections 1103 (c), in the funding opportunity announcements, terms and conditions, and other relevant award documentation.

To assess whether the grant recipients complied with federal requirements for procurements, we reviewed the grant recipient’s policies and procedures for procurement, award documentation, and reimbursement request. In addition, we interviewed SBA personnel from the Office of Entrepreneurial Development responsible for administering the grant award and obtained corroborating information.

We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency Quality Standards for Inspection and Evaluation. Those standards require that we adequately plan and perform the evaluation to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on



our objective. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our evaluation objective.

## Use of Computer-Processed Data

We relied on computer-processed data in the program office files. We retrieved CARES Act grant information from the program office files maintained outside of the grant management system. We tested the reliability of the data by comparing data reported in the quarterly reports to the source documentation.

In addition, the audit team registered on the Resource Training Portal and completed several of the training modules to test data reliability of the performance data. We compared source documentation, such as the number of advisors that had completed each module, against our results. We verified that credentials of the audit team were listed as completed for each module.

In addition, we compared the data reported in the quarterly reports to the source documentation generated from the grant recipient’s data analytics program. We believe the computer-processed information is reliable for the purposes of this evaluation.

## Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
Evaluation of SBA’s Award Procedures for Coronavirus Aid, Relief, and Economic Security Act Entrepreneurial Development Cooperative Agreements	Determine if SBA awarded the CARES Act entrepreneurial development cooperative agreements and grants in accordance with applicable federal laws, regulations, and other guidance	Report 21-11	March 30, 2021	N/A
Risk Awareness and Lessons Learned from Prior Audits of Entrepreneurial Development Programs	Inform SBA of lessons learned and risks identified in prior audits and reviews of entrepreneurial development programs	Report 20-13	April 23, 2020	N/A
Consolidated Findings of Office of Inspector General Reports on SBA’s Grant Programs, Fiscal Years 2014–18	Provide SBA management with a summary of systemic issue areas identified by OIG audit and evaluation reports and identify agencywide improvements for grants management	Report 19-02	November 8, 2018	N/A

## Appendix II: Questioned Costs

Questioned costs are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable.<sup>9</sup> Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

**Table 3. OIG Schedule of Questioned Costs for Resource Partner Training Portal**

Description	Amount (dollars)	Explanation
Unallowable Expenses	14,262,774	Grant recipient's proposed cost that the grant recipient did not award in accordance with federal requirements for procurement standards <sup>a</sup>
Unallowable Expenses	400,000	Grant recipient's budgeted expense for project management services is prohibited in accordance with the notice of award's terms and conditions
Unsupported Costs	100,000	Reimbursed pre-award project management expenses. Invoice indicated the expenses were either unallowable unsupported, or unreasonable
<b>Total</b>	<b>14,762,774</b>	--

Source: OIG analysis of grant recipient financial data

<sup>a</sup>2 CFR § 200.323(a)(b).

<sup>9</sup> Inspector General Act of 1978, as amended, section 5(f)(1).

# Appendix III: Management Comments

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SBA Response to Evaluation Report



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**DATE:** December 15, 2021

**TO:** Hannibal “Mike” Ware  
Inspector General

**FROM:** Mark L. Madrid  
Associate Administrator, Office of Entrepreneurial Development

**SUBJECT:** SBA’s Implementation of the CARES Act Resource Partners Training Portal  
(Project No. 20012)

Thank you for the opportunity to respond to the draft report entitled, “SBA’s Implementation of the CARES Act Resource Partners Training Portal (Project No. 20012).” The objective of this audit was to determine whether SBA provided effective oversight to ensure the portal was implemented in accordance with CARES Act and grant requirements.

The Office of Entrepreneurial Development (OED) appreciates the role the Office of the Inspector General (OIG) plays in working with the agency’s management in ensuring our programs are effectively administered. We appreciate the courtesies and cooperation extended to us during this audit and the collaborative manner in which our teams worked together to complete this work.

As the Associate Administrator for OED, one of my priorities has been for our entrepreneurial development programs to be effective, efficient, and accountable to the American taxpayers. Prior to this OIG audit, we recognized some of the challenges facing the various programs and had begun addressing them.

We will continue to strengthen the Agency’s oversight and implementation of OED programs. My management team and I are committed to ensuring the Agency’s entrepreneurial development programs serve the Nation’s small businesses to the maximum potential. We will work expeditiously to ensure the recommendations below are resolved.

**Recommendation 1:** Require the grant recipient to enhance its marketing and outreach strategy to include plans to reach a greater number of small businesses and resource-partner counselors and mentors. The grant recipient should also set clear performance goals with realistic targets before SBA awards any additional funds for the COVID-19 resource and training portal, as required by CARES Act Section 1103(c)(2).

**Explanation of Proposed Action:** The Associate Administrator for OED partially agrees with this recommendation. Prior to the release of the draft report, the grant recipient requested funding to enhance its marketing and outreach strategy to effectively reach a greater number of small businesses and mentors. As a result of the additional funding, the website had a significant growth in traffic. OED will improve planning that includes a more comprehensive, integrated, and strategic approach to defining performance goals and targets that support the SBA's mission as well as align with the Agency's goals and subsequently with OED's Program goals. Data and metrics during this initial year will serve as a baseline for establishing targets and goals, pending the award of future grants.

**Status:** Target date for final action is March 31, 2022.

**Recommendation 2:** Implement procedures for enhanced financial oversight for the CARES Act Resource Partner Training Portal program to ensure the program office enforces the grant requirements and follows federal procurement standards when using noncompetitive contracting options. The requirements include a price or cost analysis for awards that exceed the simplified acquisition threshold and ensuring the grant recipient adheres to the terms in the Notice of Award.

**Explanation of Proposed Action:** The Associate Administrator of OED agrees with this recommendation. OED will implement procedures for enhanced oversight in accordance with 2 CFR 200 Procurement Standards and ensuring the grant recipient adheres to the terms in the Notice of Award.

**Status:** Target date for final action is March 31, 2022.

**Recommendation 3:** Evaluate whether the contract costs for web development services and media services are reasonable and remedy any violations, in accordance with 2 C.F.R. § 200.305(b)(6).

**Explanation of Proposed Action:** The Associate Administrator of OED agrees with this recommendation. OED will evaluate whether the contract for web development services and media services were reasonable.

**Status:** Target date for final action is February 28, 2022.

**Recommendation 4:** Assess and recover the amount spent on the unallowable contracted project management services expenses incurred during the performance of the grant.

**Explanation of Proposed Action:** The Associate Administrator of OED disagree with this recommendation. OED's approval was based on 2 CFR § 200.403—405 and 48 CFR § 52.216-7 for allowable, reasonable costs, and allocable costs for services performed that benefited the project.

**Status:** Resolved.

**Recommendation 5:** Recover the \$100,000 paid for unallowable pre-award project management expenses.

**Explanation of Proposed Action:** The Associate Administrator of OED disagree with this recommendation. OED's approval was based on 2 CFR § 200.403—405 and 48 CFR § 52.216-7 for allowable, reasonable costs, and allocable costs for services performed that benefited the project.

**Status:** Resolved.

Respectfully,

Mark L. Madrid, Associate Administrator  
Office of Entrepreneurial Development  
U.S. Small Business Administration