



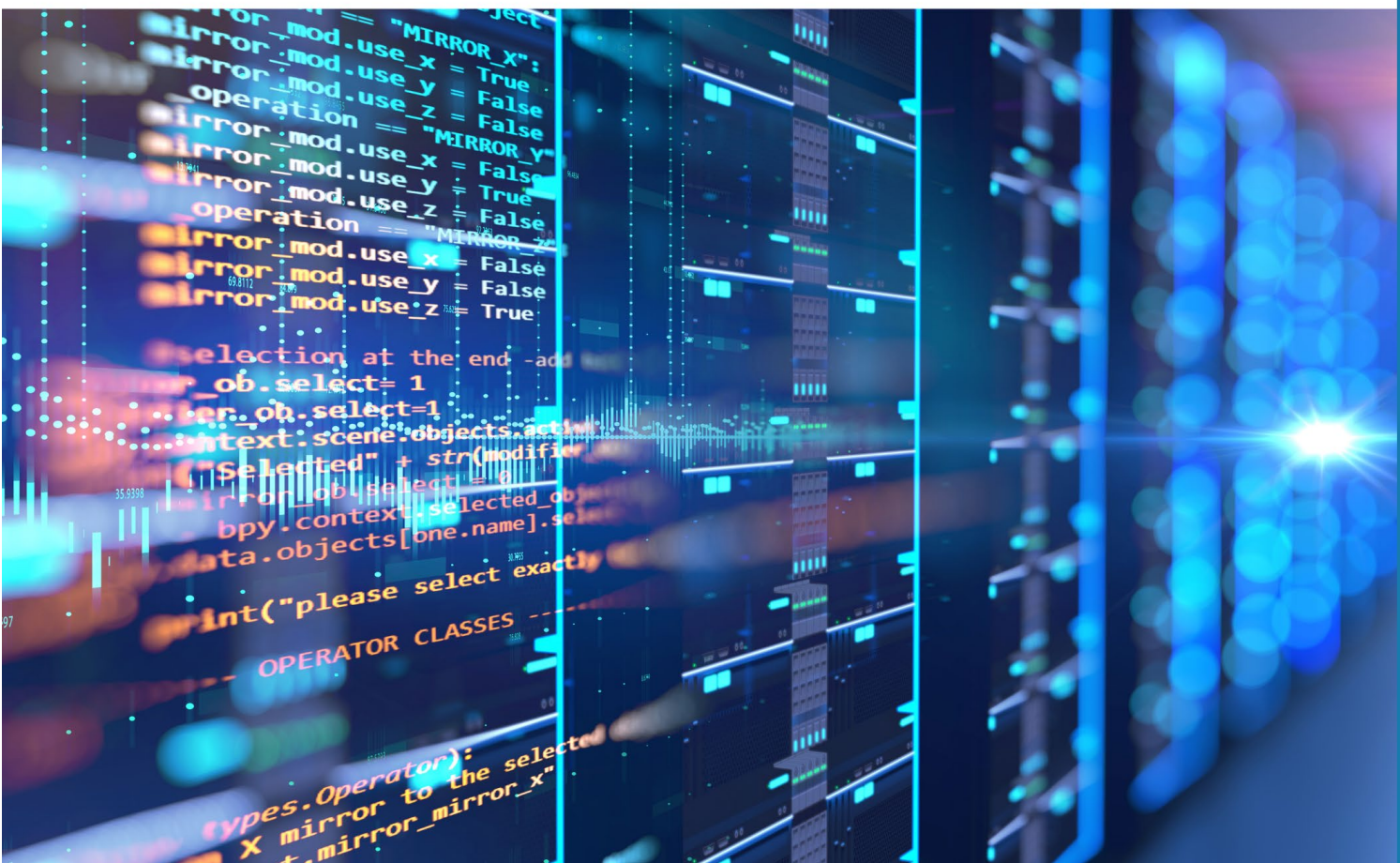
SBA Evaluation of Fraud Mitigation Oversight

Final Evaluation Report

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Disclaimer

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List of acronyms

CFO – chief financial officer

CRO – Chief Risk Officer

COR – Contracting Officer’s Representative

CORT – Compliance, Oversight, and Review Team

ERM – Enterprise Risk Management

FRA – Fraud Risk Assessment

FRMB – Fraud Risk Management Board

FRMC – Fraud Risk Management Council

FY – fiscal year

GAO – U.S. Government Accountability Office

GRC – governance, risk, and compliance

IC – Internal Controls

OIG – Office of Inspector General

OPPAE – Office of Performance and Program Analysis and Evaluation

POC – point of contact

RACI – responsible, accountable, consulted, informed

RQ – research question

SBA – U.S. Small Business Administration

SME – subject-matter expert

Abstract

Keywords: Fraud risk mitigation, best practices, program evaluation, continuous improvement, evaluability assessment, outcome metrics

This formative evaluation of the U.S. Small Business Administration’s (SBA) Fraud Risk Management Board (FRMB) was conducted using a range of evaluation methodologies, including a document review of relevant SBA materials, a literature review of best practices in fraud risk mitigation, interviews with SBA stakeholders, development of current- and future-state process maps, key metric development, an evaluability assessment, and three participatory data analysis sessions. The evaluators found that the SBA’s efforts align with many best practices in fraud mitigation and ongoing business process improvements will help the SBA continue to mature its fraud risk management efforts. Additionally, leveraging existing systems and infrastructure to standardize the tracking of key metrics will prepare the SBA for a future outcome evaluation of the FRMB’s role in fraud risk prevention, detection, and response across the agency. Finally, establishing a clear feedback loop with program offices throughout the Fraud Risk Assessment process and increasing SBA-wide knowledge and awareness of fraud risk mitigation through ongoing training and communication will continue advancing the agency’s fraud risk maturity.

1 EXECUTIVE SUMMARY

PURPOSE. Summit Consulting, LLC, conducted this formative evaluation of the SBA's Fraud Risk Management Board (FRMB) processes to identify opportunities for improvement (including leveraging new or additional technologies), and readiness for a future outcome evaluation of the FRMB. This evaluation was designed to answer three research questions:

- To what extent do the SBA's policies and processes align with leading fraud risk prevention, detection, and response practices?
- To what extent have the SBA's Fraud Risk Management Board and internal controls contributed to fraud risk prevention, detection, and response?
- How can existing infrastructure and technology be leveraged to proactively prevent, detect, and control fraud within the SBA's loan and government contracting programs in the SBA's current state?

METHODOLOGY AND LIMITATIONS. The below tasks were completed between September 2023 and May 2024. Summit began by conducting informational discussions with SBA and FRMB leadership to gather context on the FRMB and fraud risk mitigation at the SBA before conducting the following tasks.

Document review of relevant SBA materials. This task provided Summit with a foundational understanding of the current status of SBA fraud prevention processes. Topics of focus included FRMB history, objectives, and strategy; FRMB member roles; the SBA's Fraud Risk Assessment (FRA) strategy; known risks or gaps in existing processes; and protocols for sharing results and lessons learned.

Literature review. This task identified best practices on fraud risk prevention, detection, and response. A key component of the literature review was the 2015 U.S. Government Accountability Office (GAO) report *A Framework for Managing Fraud Risks in Federal Programs*, which sets a foundation of best practices in fraud risk management.

Interviews with SBA stakeholders. Summit interviewed SBA leadership, FRMB stakeholders, and relevant SBA program leadership to gather information on current fraud mitigation processes, communications, efforts to mature the SBA's fraud mitigation culture, and process gaps or opportunities for improvement. Summit also conducted a follow-up interview with the SBA's Fraud Risk and Internal Controls consultant to gather additional context regarding interview data.

Process maps. Summit developed (1) an enterprise-level current-state process map depicting the beginning-to-end workflow of FRMB processes and (2) a future-state process map showing opportunities to reduce pain points or improve processes through updates to processes or materials.

Key metric development. Summit identified key metrics of FRA and FRMB success that the SBA should track on an annual basis to measure and evaluate FRMB success in fraud mitigation. Routinely tracking metrics to understand how they change over time will help the SBA track successes and opportunities to improve. Identified metrics focus on FRA and FRMB processes, rather than individual SBA programs.

Evaluability assessment. Summit created an evaluability assessment checklist to assess the FRMB's readiness for a future outcome evaluation based on criteria across three dimensions: plausibility, feasibility, and usability. Summit completed the assessment for the first two dimensions; usability is beyond the scope of this evaluation and should be completed by the SBA.



Participatory data analysis sessions. Summit conducted three participatory data analysis sessions to collaboratively interpret preliminary findings and inform several evaluation tasks. Across the sessions, participants collaborated on the metric development, future-state process map, and evaluability assessment.

Assessment period. This evaluation focused on FRMB processes from the beginning of the FRA process through the start of this evaluation; between 2021 and September 2023. The findings presented in this report reflect processes and procedures from this timeframe. However, as additional information was shared by FRMB stakeholders regarding updates to processes in 2023 and 2024, these have been noted in footnotes throughout the report. An important update to highlight is the onboarding of the SBA's Chief Risk Officer in February 2024.

Limitations. Summit encountered four limitations to data collection and analysis:

- There was a limited number of completed FRAs to provide a baseline to understand current processes.
- Challenges identifying and interviewing relevant SBA staff included:
 - Difficulty identifying which program office staff had participated in their FRA and should therefore be included in interviews; and
 - Difficulty scheduling group interviews with FRMB stakeholders.
- FRMB members had limited experience participating in FRA reviews.
- There was a lack of quantitative data for use in metric development.

IMPROVEMENTS PLANNED OR PARTIALLY UNDERWAY. In the period since data collection for this evaluation finished, the SBA has planned or initiated process updates to improve the agency's fraud risk management and maturity. As a result of this ongoing continuous improvement process, some findings presented within the report may no longer reflect the current state.



RESULTS. This evaluation found that the SBA has planned or initiated process updates to improve fraud risk management and maturity across the agency. Continuous improvement efforts undertaken by the agency are helping to mature fraud risk mitigation processes, knowledge, and awareness. Additional actions identified in this report will enable a future outcome evaluation and continue driving operational and mission improvements through the FRMB's fraud risk management activities, building on the improvements the SBA has already made. A high-level summary of findings is presented below, organized by research question.

RQ1. To what extent do the SBA's policies and processes align with leading fraud risk prevention, detection, and response practices?

- In early 2022, the SBA established the FRMB as its designated anti-fraud entity to maintain the SBA's knowledge of its fraud risks and controls, assist in sharing this knowledge and increasing awareness across the SBA, and coordinate fraud risk management activities with Enterprise Risk Management and the Internal Controls Division.
- The 2015 GAO report *A Framework for Managing Fraud Risks in Federal Programs* sets a foundation of best practices in fraud risk management. A comparison of current SBA practices to best practices in fraud risk management shows that the SBA's efforts align with many of the best practices outlined in the GAO framework.



- As the SBA matures its fraud risk management efforts, there are additional opportunities for the SBA to further align with best practices across all aspects of the GAO framework.

RQ2. To what extent have the SBA’s Fraud Risk Management Board and internal controls contributed to fraud risk prevention, detection, and response?

- Since data collection for this evaluation finished, the SBA has planned or begun implementation of a number of process changes, such as a recent reorganization that moved Enterprise Risk Management, Fraud Risk Management, OIG audit tracking, GAO Liaison functions, and the Internal Controls Division have all been moved under a newly created Office of Enterprise Integrity (OEI). These types of improvements represent continuous improvement efforts to increase and improve the FRMB’s contribution to fraud risk prevention, detection, and response across the agency.
- Summit conducted an evaluability assessment to determine the FRMB’s readiness for an outcome evaluation to answer this question. The evaluability assessment determined the FRMB is somewhat ready for a future evaluation after addressing critical issues.
- Critical issues that must be addressed to enable a future outcome evaluation are related to available data sources and measurement; these issues can be addressed by implementing Recommendation 1 (*Implement standardized tracking of key metrics leveraging existing systems and infrastructure*).
- In addition to the three formal evaluation recommendations, Summit identified 14 potential business process improvements to improve evaluability assessment ratings, adhere to best practices, and address process pain points.

RQ3. How can existing infrastructure and technology be leveraged to proactively prevent, detect, and control fraud within the SBA’s loan and government contracting programs in the SBA’s current state?

- At the time of this evaluation, the existing infrastructure and technology that the FRMB uses to proactively prevent, detect, and control fraud included the standardized FRA spreadsheet template and a limited fraud risk dashboard housed in Power BI.
- The FRMB currently does not follow a standardized process for tracking metrics related to FRA and FRMB success. This represents an opportunity to advance fraud risk management efforts to proactively prevent, detect, and control fraud within the SBA’s loan and government contracting programs by tracking performance and enabling assessment of FRMB efforts to understand what works and where improvements are needed.
- Summit identified key metrics to enable the SBA to use data analytics to evaluate the success of FRA and FRMB processes over time and at an enterprise level. The SBA should begin tracking metrics on a standardized frequency, expand the existing fraud risk dashboard on Power BI, and identify indicators and develop rubrics.
- The SBA should continue its efforts to procure a governance, risk, and compliance (GRC) tool, which will improve the standardization of metric tracking by increasing automation.

RECOMMENDATIONS. The team made three recommendations based on the evaluation findings.

Recommendation 1: Implement standardized tracking of key metrics leveraging existing systems and infrastructure. Although some output data are currently obtainable, there is not a standardized system for documenting and assessing data. Establishing tracking of outcome metrics will be crucial for a future outcome evaluation, which cannot be completed without these data.



The SBA should establish standardized tracking metrics related to FRA and FRMB success through the following steps:

1. Begin tracking metrics on a standardized frequency;
2. Within the next year, expand the existing fraud risk dashboard on Power BI;
3. Within the next 2 years, identify performance indicators and develop rubrics; and
4. In the long term, obtain a GRC tool to track FRMB and FRA metrics.

Recommendation 2: Establish and standardize a clear feedback loop with program offices throughout the FRA process. The program offices interviewed received little or no feedback on their completed FRAs, did not have insight into how the FRA fit into broader SBA fraud risk mitigation processes, and were unaware of the refresh schedule until they were notified their program was required to complete a refresh FRA. Overall, this highlights a missing feedback loop with program offices that have completed FRAs.

The SBA should establish a feedback loop with program offices through the following actions:

- Update the FRA training to cover how FRAs fit into overall SBA processes for fraud risk mitigation and how completed FRAs will be used.
- Update the FRMB member training to standardize the type and format of feedback provided by FRMB members upon FRA review.
- Standardize a follow-up communication with program offices upon acceptance of a completed FRA; this communication (email or meeting) should provide feedback on completed FRAs and inform program offices about next steps (including when a refresh will be scheduled).
- Standardize quarterly communications from the FRMB to all programs that have undergone an FRA; communications should focus on completed fraud risk mitigation activities, relevant findings, and upcoming FRMB activities.
- Develop a method of soliciting feedback from program offices for the FRMB, such as through biannual pulse surveys, during the FRA presentation to the FRMB, or periodic meetings. Program offices should be encouraged to provide feedback on knowledge sharing from the FRMB, the quality of available resources, understanding of how to leverage findings and best practices in their programs, etc.
- Standardize the sharing of best practices and lessons learned from completed FRAs; one method may be through an enhanced fraud risk dashboard (Power BI).

Recommendation 3: Increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs through ongoing training and communication. There is an opportunity to continue to strengthen the fraud risk mitigation knowledge base at the SBA, which could both help achieve the FRMB's strategic goals and strengthen the SBA's anti-fraud culture across the agency. In addition to developing a mandatory SBA-wide annual training, there is an opportunity to conduct quarterly communication efforts. Activities could include brown bag sessions, webinars, roundtables, memos, job aids, fraud awareness tips in the SBA Daily, and more blurbs with fraud awareness tips.

The SBA should take the following steps to increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs:

- Develop an SBA-wide training to be completed annually by SBA staff (*in progress*).



- Conduct quarterly SBA-wide communications to improve knowledge of the FRMB and FRAs across the SBA.

2 INTRODUCTION

The SBA contracted Summit Consulting, LLC, to conduct a formative evaluation to explore the agency's current fraud prevention, detection, mitigation, and response policies and processes to identify opportunities for improvements. Summit conducted an evaluation to answer the three evaluation research questions (RQs) shown in Table 1 below. This report summarizes the answers to the three research questions and provides recommended next steps to prepare for a future outcome evaluation of the Fraud Risk Management Board (FRMB).

Table 1: Evaluation research questions

| | |
|------------|---|
| RQ1 | To what extent do the SBA's policies and processes align with leading fraud risk prevention, detection, and response practices? |
| RQ2 | To what extent have the SBA's Fraud Risk Management Board and internal controls contributed to fraud risk prevention, detection, and response? |
| RQ3 | How can existing infrastructure and technology be leveraged to proactively prevent, detect, and control fraud within the SBA's loan and government contracting programs in the SBA's current state? |

The remainder of the report provides background and description of the project purpose, the design and methods used to conduct the evaluation, key findings for each of the three research questions, and conclusions and recommendations.

3 BACKGROUND AND PROJECT DESCRIPTION

Established in 2022, the FRMB serves as the SBA's designated anti-fraud entity. The FRMB is responsible for agencywide fraud risk management, issues agency-level governance policies on fraud risk, and supports oversight of the agency's fraud risk prevention, detection, and response (SBA, 2023d). The FRMB consists of experienced SBA executives from across the agency and is chaired by a board member appointed by the SBA Administrator. A key component of the FRMB's activities is facilitating Fraud Risk Assessments (FRAs), through which program offices conduct a standardized review to identify potential program fraud risks and fraud risk ratings, identify controls to mitigate each risk, and determine the residual risk once controls are implemented.

This evaluation was conducted to identify opportunities for improvement (including leveraging new or additional technologies), and to assess readiness for a future outcome evaluation of the FRMB. This evaluation supports the SBA's ongoing effort to build a learning culture committed to identifying and preventing fraud across programs. Evaluation findings also inform the Enterprise Learning Agenda question "How can the SBA minimize fraud and manage fraud risk within its programs?" (SBA, 2023c).

The assessment period for this evaluation spanned the beginning of the FRA process through the beginning of the data collection period: 2021 through September 2023. Although the findings presented in this report reflect current processes and procedures from this timeframe, information regarding ongoing or planned process updates is noted throughout the report in footnotes.

Key outcomes of this formative evaluation include metric development to enable the SBA to measure and evaluate FRMB success in fraud mitigation, a future-state process map depicting opportunities to close process gaps or improve processes, and an evaluability assessment that examined the extent to which the SBA's fraud mitigation efforts are ready for an outcome evaluation. Informed by evaluation findings, Summit has developed three recommendations to improve FRMB processes and advance evaluation readiness (see Section 6).

4 DESIGN AND METHODS

The methodologies used to answer the evaluation RQs are shown in Table 2. This section provides an overview of each data source and method, followed by a discussion of limitations.

Table 2: Evaluation methodologies mapped to research questions

| Methodology | Purpose | Research Questions | | |
|--|--|--------------------|---|---|
| | | 1 | 2 | 3 |
| Document review of relevant SBA materials | Understand the history and current status of fraud prevention processes within the SBA | ✓ | ✓ | ✓ |
| Literature review | Identify best practices on fraud risk prevention, detection, and response | ✓ | ✓ | ✓ |
| Interviews with SBA stakeholders | Understand the current status of fraud prevention processes, identify pain points and opportunities for improvements, and inform process map development | ✓ | ✓ | ✓ |
| Process maps (current- and future-state) | Depict beginning-to-end flow of work and interactions | ✓ | ✓ | ✓ |
| Metric development | Identify, refine, and develop current and future metrics to evaluate FRMB success in fraud mitigation | | ✓ | ✓ |
| Evaluability assessment | Assess data quality and readiness of the SBA's fraud mitigation efforts for potential outcome evaluation | | ✓ | ✓ |

4.1 Informational discussions

Summit began by conducting informational discussions with SBA and FRMB leadership to gather context on the FRMB and inform the evaluation design. Informational discussion participants included the Fraud Risk Program Manager; a former Acting FR Program Manager; the Office of General Counsel Liaison (previously the Fraud Risk Management Council Manager); the SBA's Fraud Risk and Internal Controls consultant; the CFO and Associate Administrator, Office of Performance, Planning, and the Chief Financial Officer; and the Director of Program Performance, Analysis and Evaluation (OPPAE).

4.2 SBA program documentation

Summit conducted a review of relevant SBA program documentation, which was identified in collaboration with the Contracting Officer's Representative (COR). The documentation review provided information on FRMB history, goals, objectives, strategy, status, and processes; FRMB member roles and responsibilities; the SBA's fraud risk assessment strategy; known risks or gaps in existing processes; and protocols for sharing results and lessons learned. Key documents included, but were not limited to:

- *Fraud Risk Management Board Charter*
- *Protecting the Integrity of the Pandemic Relief Programs: SBA's Actions to Prevent, Detect and Tackle Fraud*
- *Fraud Risk Management Board Strategic Plan*
- *Fraud Risk Management Action Plan*
- *SBA's Anti-Fraud Policy Statement*
- *SBA Fraud Risk Management Board (FRMB) Members—Amendment*
- *Conducting a Fraud Risk Assessment: Using SBA's Fraud Risk Assessment Tool*

The documentation review provided the Summit team with a foundational understanding of the FRMB, the SBA's fraud risk assessment methods, and the SBA's overall fraud risk strategy.

4.3 Literature review

Summit conducted a literature review on best practices in fraud risk prevention, detection, and response. The search for relevant literature was informed by Summit's Fraud Mitigation subject-matter expert (SME) and informational discussions with the SBA's Fraud Risk and Internal Controls consultant. Relevant documents included gray literature, federal fraud risk policies, and U.S. Government Accountability Office (GAO) and Office of Inspector General (OIG) reports. The 2015 GAO report *A Framework for Managing Fraud Risks in Federal Programs* sets a foundation of best practices in fraud risk management and was a key component of the literature review.

4.4 Qualitative interviews

Summit conducted qualitative interviews to gather information on current fraud mitigation processes (including the FRAs), SBA fraud-related communications and development of a culture of fraud mitigation within the SBA, fraud detection roles and responsibilities, and process gaps or opportunities for improvement.

Flexible interview guides were developed to provide structure to ensure all interview topics were covered while allowing interviewers the flexibility to explore potentially unanticipated topics raised by respondents. Interview guides were developed with feedback from the COR and pretested through cognitive interviews. The final interview guides are provided in Appendix B.

Summit conducted small group interviews with two key populations:

- **SBA leadership and relevant FRMB stakeholders**, including the FRMB Advisory Team, FRMB members, the CFO, Deputy CFO, Director of OPPAE, Fraud Risk Manager, SBA legal advisors, Enterprise Risk Management Senior Policy Advisor, and Internal Controls Director.¹ Interviews focused on current fraud mitigation processes (such as how staff are trained to conduct FRAs and how FRMB members review FRAs), any gaps or pain points in the process, and proposed future-state changes.
- **Relevant SBA program leadership**, including all program offices that had completed an FRA at the time of the evaluation.² Interviews focused on how program staff conducted FRAs, FRA training, any process gaps or pain points, program office-level policies for fraud detection and prevention, and fraud detection roles and responsibilities.

Summit conducted a follow-up interview with the SBA's Fraud Risk and Internal Controls consultant to gather additional context on interview data. Table 3 shows the breakdown of completed interviews.

¹ Although the original evaluation design included an interview with the Chief Risk Officer (CRO) as part of this population, this position was vacant when interviews were conducted. The current CRO onboarded in time to provide guidance and input during participatory data sessions and recommendation development.

² See Section 4.9 for a discussion of related limitations.

Table 3: Number of interviews conducted

| Interview Population | Number of Interviews Completed |
|---|--------------------------------|
| FRMB stakeholders | 8 |
| Relevant SBA program leadership | 10 |
| SBA's Fraud Risk and Internal Controls consultant | 1 |
| Total | 19 |

Interviews lasted 60 to 75 minutes and were conducted virtually via Microsoft Teams. With respondent permission, interviews were recorded to enable transcription. Interview notes were uploaded to the qualitative analysis software NVivo, coded, and analyzed to identify common themes.

4.5 FRMB process map

Based on findings from the documentation review and interviews, Summit developed a current-state and future-state process map. The combined process map is provided in Appendix C.

Current-state process map. This enterprise-level process map depicts the beginning-to-end workflow for the current state of SBA FRMB processes, including the FRA process. The current-state process map documents the key activities and, as relevant, who is involved at each step, timing, cadence, any pain points or challenges, and any process variations across program offices.

Future-state process map. The future-state process map depicts opportunities to close process gaps or improve processes. These opportunities fall into two categories: changes to processes (such as new activities) and changes to materials (such as updates to training materials or the FRA template).

4.6 Key metric development

Summit has identified key metrics to evaluate FRA and FRMB success that the SBA should track on an annual basis. This task was informed by the document review, interviews, best practices identified in the literature review, and input from Summit's Fraud Mitigation SME. The list of key metrics is presented in Appendix D.

Identified metrics focus on FRA and FRMB processes rather than individual SBA programs, as the focus of this task was to provide metrics that can enable data analytics to evaluate the success of the FRA and FRMB processes over time. The SBA should track these metrics in a centralized location, which would allow for opportunities for regular performance management, comparative analysis, and outcome metric tracking for future evaluations. Routinely tracking metrics to understand how they change over time will help the SBA track successes and opportunities to improve. This task is discussed in greater detail in Section 5.2.

4.7 Evaluability assessment and data review

Summit developed an evaluability assessment checklist to assess FRMB readiness for an outcome evaluation. This evaluability assessment was designed to examine the potential for either an impact evaluation or an outcome evaluation. Summit found that an impact evaluation to prove causation is likely not a good fit for FRMB processes; instead, an outcome evaluation may be more feasible. This is not uncommon, as proving causation is typically very difficult. Barriers to conducting an impact evaluation include the fact that the FRMB is not acting in isolation (the Internal Controls (IC) Division and Enterprise Risk Management (ERM) Board also contribute to fraud risk management at the SBA), so any observable changes in outputs, outcomes, or impacts cannot be causally attributed to the FRMB



exclusively. Additionally, the low number of FRAs completed does not provide a large enough sample size for statistical analysis. Therefore, the FRMB is more likely to be able to conduct an outcome evaluation to determine whether it is meeting its strategic goals, rather than an impact evaluation to determine causation. This report focuses on the evaluability assessment findings as they relate to a potential outcome evaluation.

Summit conducted the evaluability assessment by exploring predetermined criteria in three dimensions:

- **Plausibility.** Is it plausible to think the program (in this case, the program encompasses FRMB fraud mitigation processes) will have the impact it intended? Are there logical links between activities and intended impact?
- **Feasibility.** Is it possible to measure the intended impact, given on-the-ground realities, available resources, and data?
- **Usability.** Will an impact or outcome evaluation be used and useful?

Each question in the evaluability assessment checklist was rated on a three-point scale based on findings from the documentation review, qualitative interviews, and metric development. A rating was assigned to each question, and an average score was generated for each dimension.

Figure 1: Evaluability assessment three-point scale

| | |
|---|---|
| 1 | 1-Ready. No major barriers exist; program is ready to proceed with an impact or outcome evaluation. |
| 2 | 2-Somewhat ready. Some barriers exist; program can be ready to proceed with an impact or outcome evaluation in the near future after addressing critical issues. |
| 3 | 3-Not ready. Major barriers exist that cannot be addressed easily or in a timely manner; program is not ready to proceed with an impact or outcome evaluation. |

Summit completed the evaluability assessment for the plausibility and feasibility dimensions. The section of the evaluability assessment on usability is outside the scope of this evaluation and should be completed by the SBA.

4.8 Participatory data analysis sessions

Summit conducted three participatory data analysis sessions to collaboratively interpret evaluation findings and inform several evaluation tasks, as shown in Table 4. Participants in these sessions were FRMB stakeholders, including the Fraud Risk Manager, Chief Risk Officer, Senior Policy Advisory for Enterprise Risk Management, Director of Internal Controls, directors from other SBA offices, and specialists in fraud risks and data analysis. Summit shared key data summaries with participants ahead of each session.

Table 4: Participatory data analysis sessions

| # | Topics | Purpose |
|-------|--|---|
| 1 | Draft metrics; future-state process map | <ul style="list-style-type: none"> • Solicit insight on the feasibility of draft metrics and future-state process map • Ensure draft metrics meet the needs of SBA stakeholders |
| 2 & 3 | Evaluability assessment | <ul style="list-style-type: none"> • Review key data summaries and collaboratively draft ratings • Discuss how the SBA could improve ratings to improve processes and prepare for a future outcome evaluation of the FRMB |

4.9 Limitations

This section describes the four key limitations to data collection and analysis.

Limited number of completed FRAs to provide a baseline of current processes. At the time of data collection, 11 FRAs had been completed between 2021 and March 2023. This represents a relatively low number of data points to identify patterns or process variations. To mitigate this limitation as much as possible, Summit collected data from every program office that had undergone an FRA. This limitation resulted in several key challenges:

1. Pretesting interviews (conducted to refine and finalize interview questions) were also used as data collection interviews. This is typically not done, and it meant that pretesting results could not be fully utilized to improve and standardize formal interview questions.
2. Recall challenges among interview participants were common because some FRAs had taken place several years ago. Many participants could not remember specific details about the FRA process.
3. Not all staff involved in previous FRAs (particularly the earliest FRAs) were still at the SBA and available for interviews. For this reason, some interviews were conducted with program office staff who were aware of the FRA process but had not been directly involved in it, which meant they could not speak to some specific details about the FRA process.
4. During the long timeframe of completed FRAs (2021–2023), the SBA implemented several process updates. This means that many process variations the team identified were artifacts of those changes rather than true variations across program offices.

Challenges identifying and interviewing relevant SBA staff. There are two components to this limitation. First, Summit and the COR experienced challenges identifying which program office staff had participated in their FRA and should therefore be included in interviews. In many cases, the names of involved staff had not been documented. To mitigate this challenge, the COR searched for previous FRMB meeting invitations when FRAs were presented and document the program office attendees included in the invitation.

Second, it was challenging to schedule group interviews with FRMB stakeholders. To mitigate this challenge, Summit scheduled an additional follow-up interview to reach as many FRMB stakeholders as possible. However, some FRMB stakeholders could not participate due to competing demands.

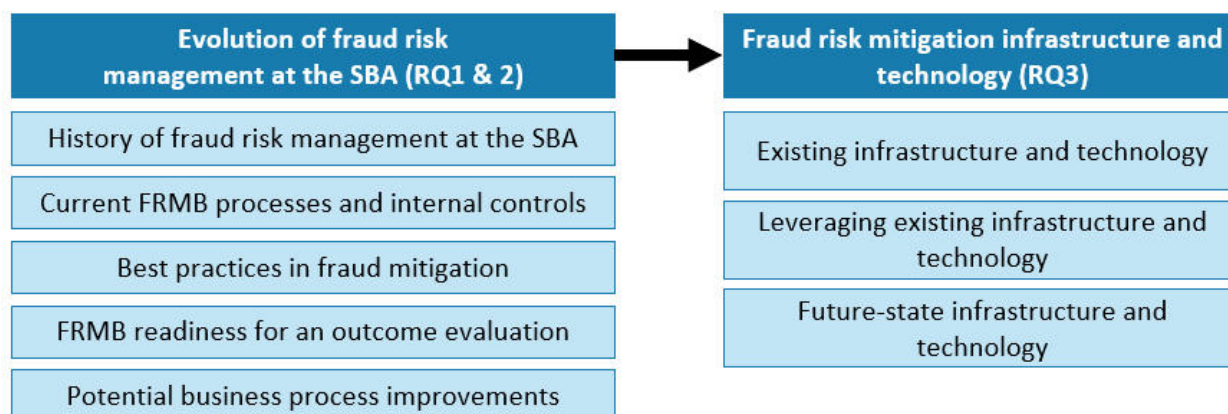
FRMB members had limited experience participating in FRA reviews. At the time of data collection, a limited number of FRMB members had been part of FRA reviews. Consequently, many FRMB members could not speak on topics such as how they review submitted FRAs.


Lack of quantitative data for use in metric development. Summit had anticipated datasets related to program fraud risks and occurrences would be available for analysis. However, FRAs do not include quantitative data, which means this information was not available to analyze and inform metric development. As a result, Summit based metric development on information collected through the document review, literature review, and interviews.

5 DATA ANALYSIS AND FINDINGS

This section presents the key evaluation findings. As shown in Figure 2, Section 5.1 answers RQ1 and RQ2, and Section 5.2 answers RQ3. An executive summary with responses to each research question is presented at the beginning of Sections 5.1 and 5.2.

Figure 2: Evaluation findings road map



 **Improvements planned or partially underway at the SBA.** The processes described throughout this report reflect the current processes when data collection was conducted (between December 2023 and March 2024). In the period since data collection finished, the SBA has planned or initiated a number of process updates, many of which align with the opportunities for improvement identified in this report. This means some of the findings presented in the report may no longer represent the current state, if improvements or updates have already been implemented. The alignment between planned or ongoing process updates and the evaluation recommendations presented in this report is a positive development, as it shows that the SBA is already making improvements supported by the findings of this evaluation.

5.1 Evolution of fraud risk management at the SBA

This section presents the findings related to the first two research questions:

- RQ1. To what extent do the SBA's policies and processes align with leading fraud risk prevention, detection, and response practices?
- RQ2. To what extent have the SBA's Fraud Risk Management Board and internal controls contributed to fraud risk prevention, detection, and response?

Because the relevant information answering these two questions is deeply entwined, findings are presented together in this section.

Key finding. There are opportunities to build on existing FRMB processes and educational activities, such as formalizing a feedback loop during the FRA process, improving FRA training and support, and increasing agency-wide training, as presented in Recommendation 2 and Recommendation 3 in Section 6. Together, these changes will improve the quality of completed FRAs and increase awareness of the FRMB and its activities across the SBA.

Section organization. This section begins with contextual information on the history of fraud risk mitigation coordination at the SBA (Section 5.1.1) and the current status of SBA fraud mitigation processes (Section 5.1.2) to provide a baseline for understanding opportunities for improvement. Next, the team gives an overview of findings from the literature review that identify best practices in fraud mitigation (Section 5.1.3). Section 5.1.4 presents the results of the evaluability assessment Summit conducted to assess the FRMB’s readiness for a future outcome evaluation. Finally, the evaluation findings inform the series of potential business process improvements presented in Section 5.1.5, aimed at (1) addressing pain points and process gaps (identified in the process map) to help improve the SBA’s fraud risk prevention, detection, and response activities, (2) further aligning the SBA’s processes with best practices, and (3) preparing the FRMB for a future outcome evaluation.

Table 5: RQ1 and RQ2 executive summary

RQ1. To what extent do the SBA’s policies and processes align with leading fraud risk prevention, detection, and response practices?

Current SBA practices. In early 2022, the SBA established the FRMB as its designated anti-fraud entity to maintain the SBA’s knowledge of its fraud risks and controls, assist in sharing this knowledge and increasing awareness across the SBA, and coordinate fraud risk management activities with Enterprise Risk Management and the Internal Controls Division.

A critical responsibility of the Fraud Risk Manager is managing the FRA process, which includes training program office staff on FRA completion in accordance with the FRA timeline approved by the FRMB. According to the Fraud Risk Manager, the Office of Enterprise Integrity conducts quality and accuracy reviews of completed FRAs, which are presented to the FRMB for approval and acceptance.

Best practices in fraud risk management. GAO’s 2015 report *A Framework for Managing Fraud Risks in Federal Programs* (hereafter the GAO framework) sets a foundation of best practices in fraud risk management. The GAO framework and other best practice documents direct organizations to:

1. *Commit* to fraud risk management by maintaining a strong anti-fraud culture and establishing a dedicated anti-fraud entity;
2. *Assess* risks to agency programs by tailoring FRAs to the needs and resources of the program, providing guidance to staff as they identify fraud risks, and creating fraud risk profiles to capture relevant findings;
3. *Design and implement* anti-fraud strategies, collaborate with stakeholders, and incentivize best practices; and
4. *Evaluate and adapt* processes based on the results of metrics monitoring to ensure the agency’s fraud risk management program experiences continuous improvement.

The SBA’s alignment with best practices. A comparison of current SBA practices to best practices in fraud risk management shows that the SBA’s efforts align with many of the best practices outlined in the GAO framework. Particularly, the FRMB helps establish the SBA’s cultural commitment to fraud risk management while also providing a body to oversee and guide FRAs.

As the SBA matures its fraud risk management efforts, there are additional opportunities for it to further align with best practices across all aspects of the GAO framework, especially as it relates to monitoring FRMB and FRA success and ensuring continuous improvement. These business process improvements are outlined in the summary for RQ2 below and in the recommendations in Section 6.

RQ2. To what extent have the SBA's Fraud Risk Management Board and internal controls contributed to fraud risk prevention, detection, and response?

An outcome evaluation is required to fully assess the extent to which the FRMB and internal controls have contributed to fraud risk prevention, detection, and response. Summit conducted an evaluability assessment to determine the FRMB's readiness for an outcome evaluation. Evaluability assessment dimensions were rated on a scale from 1 (ready for evaluation) to 3 (not ready, major barriers exist). This report focuses on the in-scope dimensions (plausibility and feasibility).

The SBA's readiness for evaluation. Overall, both the plausibility and feasibility dimensions had an average rating of 2, indicating the FRMB is somewhat ready for a future evaluation after addressing critical issues. Within the feasibility dimension, three questions had a rating of 3 (not ready for a future evaluation). Two of these questions are related to available data sources ("Do current metric-tracking systems have capacity to deliver relevant, good quality data for use in an outcome evaluation?" and "Are data available, accessible, relevant, and of sufficient quality to conduct an outcome evaluation?") and, similarly, the third question is related to measurement ("Can alternative explanations for observed outcomes be assessed?"). The SBA should implement Recommendation 1 (*Implement standardized tracking of key metrics leveraging existing systems and infrastructure*) to increase these specific ratings and prepare for a future outcome evaluation.

Existing process updates to continue improving the FRMB's contribution to fraud risk management. Since data collection for this evaluation finished, the SBA has planned or begun implementation of a number of process changes. For example, a recent reorganization moved Enterprise Risk Management, Fraud Risk Management, OIG audit tracking, GAO Liaison functions, and the Internal Controls Division have all been moved under a newly created Office of Enterprise Integrity (OEI). According to SBA leadership, this change is designed to increase coordination across these functions and more effectively manage risk. These types of improvements represent continuous improvement efforts to increase and improve the FRMB's contribution to fraud risk prevention, detection, and response across the agency.

Potential business process improvements. In addition to the three formal evaluation recommendations, Summit identified 14 potential business process improvements to improve evaluability assessment ratings, improve alignment with best practices, and address process pain points. These potential improvements are organized into four broad categories:

- *Training improvements:* Update FRA training; update and standardize refresh training; update FRMB training; share GAO training; and conduct targeted training and engagement.
- *Process improvements:* Establish standard operating procedures (SOPs) for FRMB processes; continue implementing standardized timeline for FRAs and refreshes; establish standardized technical assistance during FRA completion; and standardize updates on FRA progress during each FRMB meeting.
- *Data improvements:* Develop a program logic model; insert a stakeholder register into the FRA spreadsheet to identify program office point of contact (POC) and contributing authors; assess whether Advisory Team makeup meets FRMB needs; and complete the evaluability assessment for the remaining dimensions.
- *Communication improvements:* Establish a standard for communication of results regarding controls testing as it relates to fraud risks identified in FRAs.

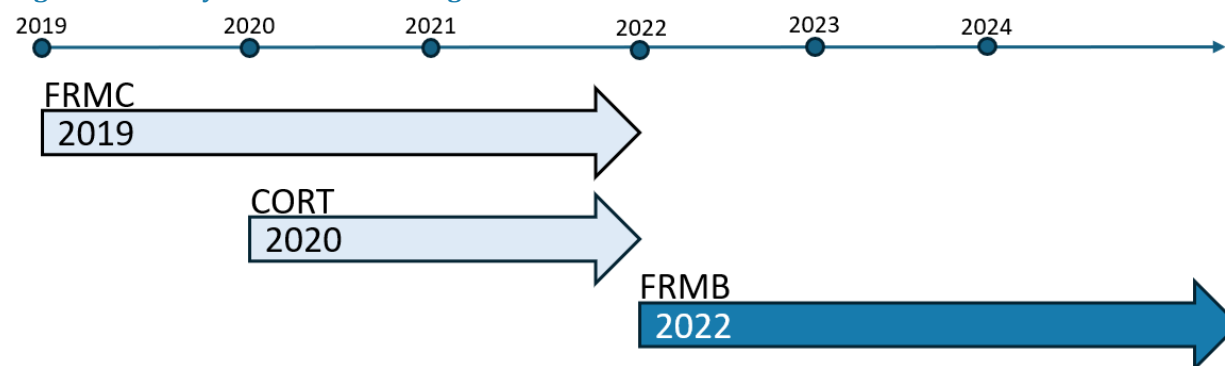
5.1.1 History of fraud risk mitigation coordination at the SBA

This section provides a brief history of the FRMB and the organizations that preceded it, according to information from FRMB documentation, including charters for the FRMB and its predecessor, informational notices, FRMB meeting agendas and notes, and fraud risk accomplishment timelines. Summit identified findings in these documents that were relevant to the SBA’s fraud risk management strategy and the FRMB’s structure, history, goals, and processes. Findings were then synthesized across sources to identify the history of fraud risk mitigation coordination at the SBA.

| Evolution of fraud risk management at the SBA (RQ1 & 2) |
|---|
| History of fraud risk management at the SBA |
| Current FRMB processes and internal controls |
| Best practices in fraud mitigation |
| FRMB readiness for an outcome evaluation |
| Potential business process improvements |

Figure 3 provides a timeline of fraud risk management bodies at the SBA.

Figure 3: History of fraud risk management bodies at the SBA



In 2019, the SBA established the Fraud Risk Management Council (FRMC) to oversee and coordinate continuous management of both internal and external fraud risks. Its functions included determining the SBA’s top fraud risks, advising on response plans to address those fraud risks, and developing the SBA’s fraud risk profile to advise the SBA’s ERM Board (SBA, 2019).

A year later, the SBA established the Compliance, Oversight, and Review Team (CORT) in response to the Coronavirus Aid, Relief, and Economic Security Act of 2020. The CORT coordinated the SBA’s efforts to oversee and monitor compliance with the requirements of the act. Its responsibilities included measuring SBA program performance, monitoring quality assurance procedures, and assisting with the deploying of resources for compliance (SBA, 2020).

The SBA established the FRMB in the beginning of 2022 to serve as the agency’s designated anti-fraud entity, replacing both the FRMC and CORT (SBA, 2023f). The FRMB was designed to better manage the growing concerns related to potential fraud in the SBA’s portfolio and better align with best practices identified in the GAO framework (SBA, 2023d). According to its charter, the FRMB “is responsible for agency-wide fraud risk management, guidance, the issuance of SBA agency-wide fraud risk governance policies, and supporting agency-wide oversight of fraud prevention, detection, and response strategies” (SBA, 2023f). A 2023 SBA report notes that the FRMB is intended to perform several functions, including maintaining agency knowledge of fraud risks and controls, managing the FRA process, assisting with knowledge-sharing and awareness-building activities, and coordinating other fraud risk management efforts across the SBA (SBA, 2023d).



5.1.2 Understanding current FRMB processes and internal controls

This section provides a high-level overview of the current status of SBA fraud mitigation processes (at the time data collection was completed), based on findings from the documentation review and interviews with FRMB stakeholders and program office leadership. For a more detailed write-up of current processes, see the process map in Appendix C.



The documentation review followed the approach described in the beginning of Section 5.1.1. To conduct analysis of interviews, Summit uploaded interview notes to the qualitative analysis software NVivo. The notes were analyzed through a flexible approach that combined both inductive and deductive coding, ensuring structure in coding approach while still allowing for the freedom to identify emergent themes and patterns.

Key roles. As shown in Table 6, the key roles in FRMB processes include the Fraud Risk Manager, FRMB members, FRMB chair, Chief Risk Officer,³ FRMB Advisory Team, and SBA program offices.

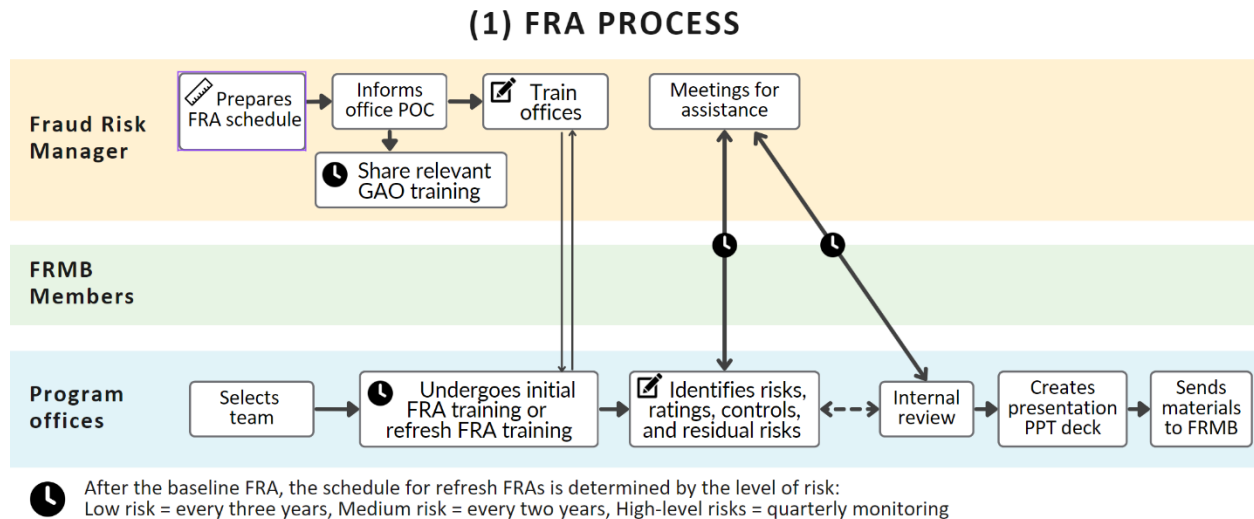
Table 6: Key roles in FRMB processes

| Role | Responsibilities |
|--|---|
| FRMB chair (an FRMB member) | <ul style="list-style-type: none"> Communicates the SBA Administrator’s policy objectives Acts as the point of contact for fraud risk inquiries made by GAO, OIG, and similar external auditors |
| Chief Risk Officer (an FRMB member) | <ul style="list-style-type: none"> Oversees fraud risk management operations and the design, implementation, and leadership of the SBA Fraud Risk Management Program, including managing, identifying, evaluating, reporting and overseeing the agency’s fraud risks externally and internally Safeguards the agency and the FRMB through robust and more mature fraud risk management frameworks as well as aligning risk considerations with agency objectives Monitors and evaluates SBA’s fraud risk management culture and adapts fraud risk management activities as needed Leads FRMB engagement towards moving fraud risk management initiatives and goals forward while providing expert guidance to the FRMB and program support offices on compliance with the GAO framework |
| FRMB members (Deputy Associate Administrators or higher from across the agency) | <ul style="list-style-type: none"> Carries out FRMB activities |
| FRMB Advisory Team (subject-matter experts from program and support offices) | <ul style="list-style-type: none"> Provides expert guidance on a wide range of topics from credit risk management to information security |
| Fraud Risk Manager | <ul style="list-style-type: none"> Coordinates meetings and documents Monitors FRAs Monitors and confirms compliance with the GAO framework to advance the goals of the <i>Fraud Risk Management Board Strategic Plan</i> Provides operational support to the FRMB |
| SBA program offices | <ul style="list-style-type: none"> Collaborate with the FRMB to conduct FRAs |

³ The Chief Risk Officer onboarded in February 2024.

Fraud Risk Assessments. The first component of current fraud risk processes under the FRMB is the completion of FRAs. To complete an FRA, program offices identify potential program fraud risks, rate the inherent likelihood and impact of each risk, identify anti-fraud controls for each risk, rate the control effectiveness, and calculate the residual likelihood and impact of each risk. Figure 4 provides an excerpt from the process map identifying the components of the FRA process.

Figure 4: FRA process (process map excerpt)



FRA timeline. The schedule of FRAs is prepared by the Fraud Risk Manager and voted on by FRMB members. The Fraud Risk Manager then informs selected program offices that they will complete an FRA; however, program offices were generally unaware of why they were selected to undergo an FRA. In FY 2023, FRAs took about 3 to 4 months to complete. According to the Fraud Risk Manager, this timeline has been shorter in FY 2024 so far; all three scheduled FRAs for Q2 were completed and presented to the FRMB by the end of April.

FRA training. Selected program offices receive training from the Fraud Risk Manager on how to complete the FRA. Although there has been variation in the training over the years, most program offices were consistent in describing the focus of the training as how to complete the FRA spreadsheet template.⁴ The trainings conducted in 2023 also included information on why FRAs are conducted, while earlier trainings did not. Several program offices noted that more information on why FRAs are conducted would be helpful (including some offices who stated this topic was covered in training but felt more information was needed). The document review revealed that while the training included information on how to rate fraud risk likelihood and impact, it did not provide guidance on how to determine the effectiveness of SBA controls.⁵

FRA team. The team that completes the FRA varies by program office, with each office selecting contributors based on availability and expertise. Most commonly, FRA teams included program experts

⁴ Given the timing of interviews, none of the interviewed program offices had undergone training under the current Fraud Risk Manager.

⁵ Since the data collection period, the FRA spreadsheet has been updated to include guidance on determining the effectiveness of internal controls.

(who bring familiarity with program processes) and program leadership. Some program offices have a designated Fraud Risk Officer who participates in the FRA.

Identifying and rating fraud risks. To identify potential fraud risks, program offices relied on existing expertise with the program and held collaborative brainstorming sessions. Participants suggested additional resources that would have been helpful for identifying fraud risks including examples of fraud risks (either theoretical or actual fraudulent activities previously identified by the SBA) and information on what the SBA considers an acceptable risk-appetite or tolerance level (by program type or risk type).

Respondents were split regarding how easy or difficult it was to rate the likelihood and impact of each identified fraud risk. The most common reasons for finding it difficult included (1) ratings being “very subjective” or a “judgment call” and (2) it being difficult to scale risks relative to one another. The most common reason for finding it easy was because instructions were provided to identify numbers based on impact and effectiveness.

Identifying controls. Fraud risk controls were generally drawn from existing program office policies or processes, and the process of identifying controls did not include brainstorming new controls to put in place.⁶ Two program offices across all 10 interviews reported identifying a new control as part of the FRA process. Respondents in two groups wanted more information on the SBA’s risk appetite for specific types of risks or programs.⁷ For example, they suggested there might be a scenario where the agency is willing to accept “weak controls” for a low-rated risk, where mitigating internal controls would add significant burden for small businesses.

Internal FRA review. Once the FRA spreadsheet is completed, it typically undergoes internal review by program office leadership before submission to the FRMB. According to the Fraud Risk Manager, the Fraud Risk Manager and Chief Risk Officer also review completed FRAs before they are shared with the FRMB. FRA results are discussed with program offices before finalizing the spreadsheet to establish consensus.

Meetings with the Fraud Risk Manager. For FRAs completed prior to June 2023 (under the previous Fraud Risk Manager), many participants reported that they had several follow-up meetings or conversations after the training. These meetings varied in topics but could include how to fill out the spreadsheet, feedback on the draft spreadsheet, and preparing to present to the FRMB. These participants appreciated that the Fraud Risk Manager was “very responsive” and characterized these discussions as “very helpful.” When asked what parts of the FRA process are working well, this type of assistance from the Fraud Risk Manager was the most common response.

Consistency across program offices. According to an FRMB stakeholder, program offices generally follow the same approach to completing FRAs, despite differences in program topics and processes. Interviews with the program offices supported this assertion. While the team completing the FRA was structured differently across program offices, the steps for completion remained the same.

FRMB review of completed FRAs. Upon completion, program offices submit their FRA spreadsheet and a PowerPoint presentation with high-level findings. Under the current process, the Fraud Risk Manager

⁶ Since the data collection period, the FRA process has been updated to include brainstorming deep-dive sessions with the program offices, to assist in identifying risks.

⁷ The Fraud Risk Manager noted that program office leadership received clarification on risk appetite and tolerance from the CRO during the May FY 2024 ERM Board Meeting. The FRMB plans to implement this information into future FRA trainings.



and Chief Risk Officer (Office of Enterprise Integrity) review the complete spreadsheet and assist with presentation preparation. This review includes validating that any internal controls documented in the FRA are operating effectively according to completed SBA Internal Controls Assessments. Although FRMB members and advisors were asked how the materials they receive inform their review of the completed FRA, most could not clearly articulate how this review is completed.⁸ Participants in two of four interviews reported relying on the FRA spreadsheet's guidance on numeric ratings, one used their own experience and knowledge, and one group was unsure whether the FRMB assesses numeric ratings for risks and controls in submitted FRAs.

According to the Chief Risk Officer, technical reviews of the FRAs (including assessing numeric ratings) are the responsibility of the Fraud Risk Manager and the Chief Risk Officer. In contrast, the responsibility of FRMB members when reviewing FRAs is to recognize macro-level opportunities for improvements across SBA programs. FRMB members are not expected to be experts in fraud risk management and providing technical review of completed FRAs, but are accountable for fraud risk management for their respective program areas. However, this nuance in responsibilities when it comes to FRA reviews is not currently reflected in FRMB training materials or the FRMB Charter. Interviews with FRMB stakeholders also reflect that this definition of the FRMB's role was not understood at the time of data collection, as interview participants focused on the level of fraud-related expertise of FRMB members rather than FRMB members' ability to synthesize FRA findings at a high level. Multiple FRMB stakeholders noted that FRMB members are not equipped with the right background or expertise to sufficiently evaluate the fraud risks and anti-fraud controls presented in FRAs from a technical standpoint.

During FRMB meetings, a representative from the program offices presents the completed FRA. The primary focus of the discussion is the slide deck with a heat map of high, medium, and low fraud risks.⁹ Generally, FRMB members provide little or no feedback or follow-up questions on completed FRAs.¹⁰ The FRMB then votes to accept the completed FRA.

According to the Fraud Risk Manager, in FY 2024 the FRMB plans to add a review, validation, and gap analysis step in which fraud risk scoring will be validated against supporting evidence such as program policies and procedures. This change is designed to ensure FRAs are conducted in accordance with GAO best practices.

Program office understanding of FRA utility. Program offices generally had a lack of clarity regarding how the completed FRA would be used and how the process fit into overall SBA processes for fraud risk mitigation. These findings highlight the need for a feedback loop with program offices that have completed FRAs; this informs Recommendation 2 (*Establish and standardize a clear feedback loop with program offices throughout the FRA process*). Creating a feedback loop with program offices would meet recommendations from GAO's framework to (1) identify and include program staff who are involved in the FRA process as stakeholders in the fraud risk management process and (2) enable continuous improvement by communicating lessons learned to relevant stakeholders.

This finding also suggests a need for increased education beyond program offices completing FRAs, to communicate the purpose and mission of the FRMB to offices across the SBA. The quality of FRAs may

⁸ Some FRMB members or advisors had not yet participated in an FRA review, so they could not weigh in on this process.

⁹ Since the data collection period, the slide deck for the completed FRA has been updated.

¹⁰ According to the Fraud Risk Manager, there has been greater engagement and feedback from FRMB members on FRA results in FY24. In addition, there have been improvements to the FRA training for program offices and FRMB members to improve consistency and rigor to the process, through increased awareness.

improve if program offices have a baseline awareness of their purpose before they are selected to conduct an FRA. This informs Recommendation 3 (*Increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs through ongoing training and communication*).

Perceptions of FRA accuracy. All nine program offices that discussed this topic stated their completed FRAs reflect an accurate assessment of fraud risks to agency programs. Responses from SBA leadership and FRMB stakeholders were somewhat more mixed, but on average positive. Half agreed that the FRAs are an accurate risk assessment, while half acknowledged there are still opportunities to improve accuracy and rigor.¹¹ Both the Fraud Risk Manager and the SBA's Fraud Risk and Internal Controls consultant noted that the very low number of high risks identified in FRAs could indicate a need for improvement; while few high risks is a positive at face value, it could also be indicative of incorrectly rated risks. Although it was outside the scope of this evaluation to assess the accuracy of risk rating, the mixed perceptions on FRA accuracy suggest the FRMB should increase training, communication, and follow-up for FRA assessments to ensure best practices and appropriate process controls. The potential business process improvements in Section 5.1.5 and the formal evaluation recommendations in Section 6 provide multiple ways to do this.¹²

FRMB meetings. According to the Fraud Risk Manager and FY 2023 FRMB meeting notes, FRMB meetings generally occur monthly. Per the FRMB Charter, meetings are required to be conducted on a quarterly basis, at minimum. In addition to reviewing completed FRAs, the FRMB Charter states that the board conducts other actions during meetings, such as:

- Receiving reports on high and medium fraud risks from the SBA's Program and Support Offices;
- Keeping detailed records of board meetings; and
- Preparing reports on fraud risk management efforts, accomplishments, and improvement opportunities for key stakeholders (SBA, 2023f).

No additional information on these topics was provided by interview respondents. Thus, Summit cannot confirm whether these actions are completed as intended, according to the charter.

Interactions with the ERM Board and IC. Biweekly meetings are held between the Fraud Risk Manager, Senior Policy Advisor (Enterprise Risk Management), and Director of Internal Controls. According to the Fraud Risk Manager, the FRMB briefs the ERM Board quarterly for high risks. Risks that are reported to the ERM Board are then tracked by that body. While the FRAs focus on specific programs, the ERM Board consolidates agency-level risks.

As described in the FRMB Charter, the FRMB reports to the ERM Board, which reports to the SBA Administrator (SBA, 2023f). The chair of the FRMB is also a board member on the ERM Board. Under a recent reorganization, Enterprise Risk Management, Fraud Risk Management, OIG audit tracking, GAO Liaison functions, and the Internal Controls Division have all been moved under a newly created Office of Enterprise Integrity (OEI) led by the CRO. According to SBA leadership, benefits of this move include a more strategically aligned portfolio of agency-wide risks, more effective management of risk, and increased coordination of activities such as data calls.

¹¹ Respondents in both FRMB Advisory Team interviews reported they have not been involved enough to gauge FRA accuracy.

¹² In particular, Recommendation 1 (*Implement standardized tracking of key metrics leveraging existing systems and infrastructure*) and Recommendation 3 (*Increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs through ongoing training and communication*).



Annual FRMB training. The FRMB member training is designed to occur once a year when there are new FRMB members. This training focuses on roles and responsibilities for FRMB members, the FRMB chair, the Fraud Risk Manager, and FRMB advisors. It does not include information on how to review and use completed FRAs.

SBA-wide training. There is an opportunity for increased SBA-wide education and training on effective fraud risk management, to support the FRMB's Strategic Goal 6: Enterprise-Wide Fraud Risk Knowledge and Capabilities. Currently, the FRMB is in the early stages of conducting agency-wide trainings, with plans to increase trainings soon. As discussed below in Section 5.1.3.1, the SBA is currently planning to develop an agency-wide training to help staff understand the SBA's fraud risk management program (SBA, 2023e). This effort will continue under the Fraud Risk Management and Recoveries Support contract. Additionally, the SBA has recognized the need for trainings on topics such as fraud risk management, data analytics, and identifying fraud schemes (SBA, 2023e).

This type of ongoing education can improve SBA-wide awareness of the FRMB's activities and the FRA's purpose, which may improve program office buy-in when they are notified of their selection for an FRA. In addition, it will improve the overall quality of fraud risk prevention across the SBA by continually improving awareness at all levels, as suggested within the GAO's fraud risk framework to build a strong organizational culture to help with continuous improvement.

As indicated in Recommendation 3 (*Increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs through ongoing training and communication*), this can be done by developing an SBA-wide training to be completed annually by SBA staff and conducting quarterly SBA-wide communications to improve knowledge of the FRMB and FRAs across the SBA.

Metric tracking. While data for some output metrics are obtainable, currently there is no standardized process for tracking or documenting metrics of FRA and FRMB success (although there is a limited fraud risk dashboard housed on Power BI and a Microsoft Excel spreadsheet populated with data from all completed FRAs). See Section 5.2 for a more in-depth discussion of this topic.

Documentation of FRMB internal controls. While the Fraud Risk Manager is responsible for managing FRMB processes, there is currently no documentation of internal controls for these processes.¹³ The FRMB should develop a program SOP that details internal controls to assess which processes are working well and which could benefit from future improvements.



Improvements planned or partially underway at the SBA. As previously discussed, the SBA has planned or initiated a number of process improvements after the data collection period finished. These updates represent continuous improvement efforts to increase and improve the FRMB's contribution to fraud risk prevention, detection, and response across the agency.

¹³ According to the Fraud Risk Manager, there is ongoing collaboration between the Fraud Risk Manager, ERM, and IC to align and avoid any overlap during the FRA process.



5.1.3 Identifying best practices in fraud mitigation

This section focuses on the best practices identified in the literature review. To complete this review, the team first searched for relevant documents using a predetermined set of search terms and exclusion criteria. Our search targeted gray literature, federal fraud risk policies, and GAO and OIG reports. The team then documented findings relevant to the four components of the GAO framework and synthesized across sources to identify best practices in fraud risk management.


The Office of Management and Budget *Circular No. A-123* directs managers to adhere to the standards in the GAO framework, which sets a foundation of best practices in fraud risk management (Donovan, 2016). The GAO framework, seen in Figure 5, identifies four components of fraud risk management: commit, assess, design and implement, and evaluate and adapt.

In the rest of this section, we discuss the best practices associated with each component and compare these best practices against the SBA's practices (as identified in the document review). Opportunities for further alignment with best practices are presented as potential business process improvements in Section 5.1.5.

5.1.3.1 Commit

First, as shown in Table 7, agencies must commit to combat fraud by (1) creating a strong anti-fraud organizational culture and (2) dedicating an entity to spearhead fraud risk management activities within the agency.

Table 7: Commit – GAO framework components and best practices

| Framework Components | | Best Practice |
|--|-------------------------------|--|
| COMMIT  | Organizational culture | <ul style="list-style-type: none"> Set the tone at the top. Involve all levels of the organization. Prioritize documentation of processes and procedures. |
| | Anti-fraud entity | <ul style="list-style-type: none"> Staff the dedicated anti-fraud entity with personnel who have relevant knowledge, expertise, and skills. |

Best practice. Several sources emphasize that an organization must first show its commitment to combating fraud by creating a strong anti-fraud culture in the organization.¹⁴ By setting a strong anti-fraud attitude and tone at the top and involving all levels of the organization in maintaining this tone, agencies can permeate a culture of standardization and compliance (Australian National Audit Office,

¹⁴ Sources include the GAO framework, the Office of the Auditor General Western Australia's *Fraud Risk Management – Better Practice Guide*, HM Treasury's *Tackling Internal Fraud*, Committee of Sponsoring Organizations of the Treadway Commission's (COSO) *Enterprise Risk Management: Integrating Strategy with Performance*, and COSO and the Association of Fraud Examiners' *Fraud Risk Management Guide, Second Edition*.

| Evolution of fraud risk management at the SBA (RQ1 & 2) |
|---|
| History of fraud risk management at the SBA |
| Current FRMB processes and internal controls |
| Best practices in fraud mitigation |
| FRMB readiness for an outcome evaluation |
| Potential business process improvements |

Figure 5: The GAO framework



Source: GAO (2015), *A Framework for Managing Fraud Risks in Federal Programs*.

2011; COSO, 2023; COSO & ACFE, 2023; GAO, 2015; HM Treasury, 2011; Office of the Auditor General Western Australia, 2022).

It is also crucial to establish a dedicated anti-fraud entity to assist in setting the tone at the top and managing fraud prevention, detection, and response processes within an organization or agency. The purpose of this entity is to serve as a coordinator of anti-fraud initiatives throughout the program and a manager of the fraud risk assessment process. The anti-fraud entity should serve as the source for all fraud risk–related knowledge and controls (GAO, 2015).

Summit’s Fraud Mitigation SME noted that robust fraud risk management programs should be supported by thorough documentation including a record of the fraud risk management program’s policies and procedures, a change management log, and a documented process for regularly reviewing and updating the policies and procedures to ensure they are up to date. This recommendation is supported by COSO and ACFE’s 2023 *Fraud Risk Management Guide, Second Edition*, which highlights that documenting and regularly updating the organization’s fraud risk management program is key to establishing a strong commitment to organizational integrity regarding fraud risk management.

The SBA’s actions. The SBA established the FRMB in early 2022 to serve as the SBA’s designated fraud entity. Additionally, the SBA has made efforts to define and strengthen the anti-fraud components of its organizational culture. To establish a strong tone at the top, the SBA issued *SBA’s Anti-Fraud Policy Statement* to all employees, which “communicate[s] SBA’s pledge to combat fraud and engage all employees in setting an anti-fraud tone that encompasses the agency’s culture” (Aaby, 2022). Although this policy includes a section titled “Who is responsible for fraud recognition?”, it does not provide a detailed description of the specific roles and responsibilities at each level of the organization. In December 2023, the SBA updated its fraud risk public facing website to include more information on SBA’s Fraud Risk Management Program and its commitment to reducing fraud risks across the agency.¹⁵

The SBA has documented a *Fraud Risk Management Action Plan* as well as a strategic plan for the FRMB, both of which help establish the tone at the top by requiring a strong organizational culture of accountability, integrity, and improvement toward combating and managing fraud (Aaby, 2022; SBA, 2022b; SBA, 2023a). In addition, the FRMB is planning to implement a series of fraud risk management trainings intended to help staff understand the SBA’s fraud risk management program (SBA, 2023e).¹⁶ The FRMB has a SharePoint to store and organize these documents as well as other existing FRMB documentation.

5.1.3.2 Assess


As shown in Table 8, the dedicated anti-fraud entity must assess fraud risks to agency programs. These assessments must (1) be tailored to the program’s needs, circumstances, and resources; (2) be conducted with guidance from the dedicated anti-fraud entity; and (3) result in a fraud risk profile, which documents programs’ fraud risks, the likelihood and impact of the risks, the program’s risk tolerance, the effectiveness of internal controls, and the residual risks that remain after internal controls have been applied.

¹⁵ See www.sba.gov/fraud

¹⁶ This activity is included in Recommendation 3 (*Increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs through ongoing training and communication*).



Table 8: Assess – GAO framework components and best practices

| Framework Components | | Best Practice |
|--|----------------------------------|--|
| ASSESS  | Tailoring to the program | <ul style="list-style-type: none"> Establish guidance for a list of factors that can help tailor the FRA process to meet programs' needs and circumstances. Determine agency fraud risk management maturity. Identify relevant stakeholders. Provide resources to programs to help them identify relevant fraud risks. |
| | Conducting the assessment | <ul style="list-style-type: none"> Provide guidance on strategies to identify risks. Rate effectiveness of existing controls. |
| | Fraud risk profile | <ul style="list-style-type: none"> Treat the fraud risk profile like a living document. |

Best practice. A key responsibility of the dedicated anti-fraud entity is to manage and plan regular, program-specific FRAs that involve relevant stakeholders and include specific tools and resources for identifying fraud risks (GAO, 2015).

Resources that the dedicated anti-fraud entity can recommend to assist programs as they identify fraud risks include data on fraud schemes collected via surveys, focus groups, documentation reviews, the review of OIG reports, brainstorming sessions, or one-on-one interviews with stakeholders (GAO, 2015).

Several best practice documents reference various strategies programs can use to brainstorm and identify fraud risks. These include:

- *The Fraud Triangle*, a model that helps describe why a person commits fraud. The three components of this triangle are opportunity, pressure or incentives, and rationalization. By brainstorming the opportunities that allow fraudsters to commit fraud, the incentives that entice fraudsters to commit fraud, and the ways in which fraudsters might rationalize committing fraud, programs will be able to better identify fraud schemes (CFO Council & Bureau of the Fiscal Service, n.d.; Commonwealth Fraud Prevention Centre, 2022; COSO & ACFE, 2023; The Audit Committee and Oversight of Financial Reporting, 2016).
- *The Fraud Pentagon*, which adds that the fraudster's levels of arrogance and competence are also important factors to consider when identifying potential fraudsters (COSO & ACFE, 2023).
- *Fraudster personas*, which describe characteristics of fraudsters that might help program offices think more deeply about what types of individuals might attempt to defraud their program. These personas include the Reckless, the Deceiver, the Impersonator, and the Exploiter, among others (Commonwealth Fraud Prevention Centre, 2022).
- *The "ABCD" Method*, which helps programs identify the actors involved in the fraud scheme, the benefits the actors would gain, the countermeasures the actors would have to circumvent, and the strategy of a determined adversary who deliberately attempts to circumvent the countermeasures (Commonwealth Fraud Prevention Centre, 2022).

The SBA's actions. At the time of data collection, the FRMB had overseen the completion of 11 FRAs. The updated FY 2024 FRA Governance Calendar shows six FRAs scheduled for FY 2024 (SBA, 2024). According to the 3-year schedule, programs identified as low risk will be assessed through a refresh FRA every 3 years, programs identified as medium risk will be assessed every 2 years, and FRAs identified with high-level risks will have quarterly monitoring and risk remediation (SBA, n.d.-a).



In the FRMB's August 2023 meeting, the FRMB approved plans to conduct a maturity assessment to determine the current state of the SBA's fraud risk management program, with completion expected in FY 2025. This step will help the SBA identify additional actions to mature its fraud risk management efforts in the future (SBA, 2023e).

As part of the SBA's FRA process, the FRMB delivers a training presentation to program offices that are starting an FRA. This training states that the first step of the FRA is to gather the program office team to brainstorm inherent fraud risks and that this brainstorming might include a review of audit reports or other materials, though it does not offer any additional suggestions for resources (SBA, 2023b). One resource that could benefit program offices as they brainstorm fraud risks is the SBA Fraud Risk Library, a Microsoft Excel document that catalogs the findings from completed FRAs across the SBA and SBA OIG findings. This library documents information including the program and subprogram office name, the type of risk, the risk level, details about the fraud scheme, and details about the anti-fraud controls in place (SBA, n.d.-c). At the time of data collection, it was unclear whether this resource was provided to program offices as they brainstormed fraud risks. According to the Fraud Risk Manager, the SBA now provides brainstorming "deep dive" sessions to assist program offices in brainstorming risks. These are held during the scoping and planning phase of the FRA process.¹⁷

An FRMB planning document recognized that the training and guidance could be updated and states that these updates are scheduled for FY 2024 (SBA, n.d.-b). Furthering this effort, the FRMB has plans to conduct trainings on topics such as fraud risk management, data analytics, and identifying fraud schemes faced by the SBA (SBA, 2023e). Current or planned trainings include a 2-hour SBA-wide mandatory fraud risk management training,¹⁸ a high-level FRA training with SBA's contract support, a fraud risk brainstorming workshop for program offices undergoing an FRA, and a training with the Fraud Risk Manager to go over the FRA spreadsheet. These planned activities align with FRMB Strategic Goal 6 (Ensure the SBA workforce has essential fraud risk knowledge and capabilities). Given the importance of ensuring high-quality fraud risk management training and guidance across the agency, these findings inform Recommendation 3 (*Increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs through ongoing training and communication*).

5.1.3.3 Design and implement


As shown in Table 9, programs should use the results of fraud risk assessments to design and implement improvements to fraud risk management processes. Key elements of this GAO framework component include (1) creating anti-fraud strategies that document the specific fraud controls in place to prevent, detect, and respond to fraud; (2) collaborating with stakeholders; and (3) incentivizing best practices among employees.

¹⁷ According to the Fraud Risk Manager, the scoping and planning phase of the FRA process also includes deciding on the SBA's approach to the FRA, researching the program, reviewing past FRAs, and developing relevant fraud risk factors and fraud risk schemes.

¹⁸ Since the time of data collection, this training has moved into the review and approval stage, to prepare for agency-wide rollout.



Table 9: Design and implement – GAO framework components and best practices

| Framework Components | | Best Practice |
|--|--------------------------------------|--|
| DESIGN AND IMPLEMENT  | Anti-fraud strategy | <ul style="list-style-type: none"> • Create anti-fraud strategies for high-risk programs, departments, or activities. • Incorporate data analytics into control activities. • Provide resources for programs as they create controls. |
| | Collaborate with stakeholders | <ul style="list-style-type: none"> • Engage in data sharing with external stakeholders. • Engage with the OIG community. • Engage with lenders. |
| | Incentivize best practices | <ul style="list-style-type: none"> • Create performance metrics to measure fraud risk management efforts. • Reward personnel for adhering to fraud risk management best practices. |

Best practice. Once an organization has committed to combating fraud and assessed its risks, a best practice is to design and implement an anti-fraud strategy. This strategy should describe three main components: (1) how the program will address the risks in the fraud risk profile, (2) what control activities need be updated or adopted to mitigate those risks, and (3) how the program will respond to fraud when it occurs. The GAO framework and *Fraud Risk Management – Better Practice Guide* affirm that this documentation must be established for effective fraud risk management (GAO, 2015; Office of the Auditor General Western Australia, 2022).

Strong collaborative relationships with both internal and external stakeholders are essential to a strong fraud risk management framework (GAO, 2014; GAO, 2015). *Fraud Control in Australian Government Entities: Better Practice Guide* highlights that sharing information about risk factors and fraudsters both within and across agencies is critical to prevention and detection efforts (Australian National Audit Office, 2011).

The GAO framework notes that incentivizing best practices can encourage employees to engage in managing fraud risks and reporting instances of fraud (GAO, 2015). COSO’s *Enterprise Risk Management: Integrating with Strategy and Performance* notes that in general, employee performance is heavily influenced by incentives and expectations of accountability (COSO, 2017).

The SBA’s actions. To align with best practices, the SBA Office of Capital Access developed an anti-fraud strategy for two programs, which could help respond to several OIG and GAO report findings.¹⁹ To further mature the SBA’s fraud risk management program and address GAO and OIG concerns, the SBA’s Fraud Risk SME recommended that the SBA consider the level of fraud risk when determining which programs, departments, or activities require anti-fraud strategies, prioritizing the creation of anti-fraud strategies for those with heightened fraud risk.

Although the SBA has taken steps to improve controls, there is limited guidance available on the factors that should be considered when programs are developing controls. There is also limited information available on how programs should formulate their fraud response plans or what to include in those

¹⁹ A 2022 SBA OIG report found that “SBA did not have an organizational structure with clearly defined roles, responsibilities and process to manage and handle potentially fraudulent loans” (SBA, 2022d). Additionally, there are open recommendations related to an anti-fraud strategy in GAO’s 2021 report *COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year*.

plans. Particularly, GAO has recommended that the SBA should develop a fraud response plan for the Restaurant Revitalization Fund (GAO, 2022a).

To help maintain employee integrity, the FRMB’s strategic plan outlines a requirement for staff to take annual fraud risk training and document their completion (SBA, 2023a). The SBA Fraud Risk Manager noted that the SBA is planning to make this training mandatory for all SBA personnel. Holding personnel accountable for completing fraud risk training will help ensure staff are aware of the SBA’s fraud risk policies and strengthen agency culture.


The FRMB has made efforts to promote internal and external stakeholder collaboration, as noted in the *2023 FRMB Strategic Plan*. The FRMB Strategic Goals include actions to be taken by fraud risk management to “ensure the public, media, Congress, and financial statement auditors are aware of the roles and responsibilities for fraud risk management.” The FRMB also has goals to develop processes to share lessons learned across the agency and with other external agencies (SBA, 2023a).

Incentivizing best practices is directly related to establishing an organizational culture committed to combating fraud. However, there is little information available on how the SBA enforces fraud risk management best practices through performance metrics or other measures of employee integrity. *Fraud Risk Management at SBA*, a white paper by Audient Group, recommends that the SBA should establish incentives, such as metrics that measure employee integrity and fraud risk management efforts (Audient Group, 2023).

5.1.3.4 Evaluate and adapt

As shown in Table 10, to ensure the previous actions are impactful, programs must continuously evaluate the effectiveness of their fraud risk management efforts by (1) monitoring these activities and measuring outcomes, and (2) using findings to continuously improve current processes and progress the SBA along its fraud risk management maturity curve.

Table 10: Evaluate and adapt – GAO framework components and best practices

| Framework Components | | Best Practice |
|--|-------------------------------|--|
| EVALUATE AND ADAPT  | Monitoring | <ul style="list-style-type: none"> Monitor outcomes of anti-fraud activities. Evaluate the outcomes of anti-fraud activities to determine their effectiveness. |
| | Continuous improvement | <ul style="list-style-type: none"> Update fraud risk management activities based on feedback. Communicate results and lessons learned. |

Best practice. To complete the fraud risk management cycle, organizations must evaluate the results of their efforts thus far and adapt efforts when necessary. As succinctly noted by *Program Integrity: The Antifraud Playbook*, “insight without action is useless” (CFO Council & Bureau of the Fiscal Service, n.d.). Organizations should emphasize that it is critical for programs to incorporate lessons learned from monitoring and evaluation activities into their processes and internal controls to make meaningful and impactful improvements. An important part of continuous improvement initiatives is to communicate lessons learned to relevant stakeholders. By incorporating and communicating lessons learned, organizations can complete the fraud risk management cycle and recommit to fraud risk management, beginning the cycle again.



Effective ways to share information about corrective actions and improvements include:

- Publishing case studies,
- Creating or updating anti-fraud handbooks and trainings,
- Facilitating discussion groups,
- Sending newsletters, and
- Posting updates to the program’s website.

By sharing lessons learned or corrective actions taken, the program also encourages collaboration with other programs within the organization and with the OIG (CFO Council & Bureau of the Fiscal Service, n.d.; GAO, 2015). COSO adds that transparency and a timely flow of risk information are also very important to not just the understanding of risk, but also the accountability and continual improvement within an organization (COSO, 2017).

The SBA’s actions. The SBA’s *Fraud Risk Management Action Plan* outlines that a key strategic goal of the SBA’s fraud risk management program is fraud risk monitoring (SBA, 2022b). To effectively achieve this goal, the FRMB’s strategic plan notes that the agency must employ data analytics, audit reviews, and news analysis to monitor fraud risks (SBA, 2023a). These documents do not appear to provide guidance to programs on what outcomes to monitor nor how to evaluate them to determine the effectiveness of controls.

The FRMB’s strategic plan highlights planned actions to ensure the agency’s programs are engaged in continuous improvement activities and committed to sharing lessons learned. One of the FRMB’s strategic goals is to create, implement, and sustain effective internal fraud controls. To do so, the FRMB has planned several actions, including:

- committing to regularly incorporate audit and FRA findings into efforts to enhance internal controls;
- performing quality testing on those enhanced internal controls and communicating results;
- establishing a process for the FRMB to monitor fraud-related deficiencies in internal controls from the time they are identified until they are resolved; and
- establishing a process to collaborate with the SBA’s Internal Controls Division to ensure new or changing programs have proper internal controls in place (SBA, 2023a).

5.1.4 FRMB readiness for an outcome evaluation

This section summarizes evaluability assessment findings to describe the extent to which the FRMB is prepared for an outcome evaluation in the future.²⁰ To complete this assessment, Summit synthesized findings from the document review, interviews, and metric development tasks. We then collaborated with SBA leadership during two participatory data analysis sessions to assign a rating to each question within the evaluability assessment dimensions and topics. This report focuses on the in-scope dimensions (plausibility and feasibility).

| Evolution of fraud risk management at the SBA (RQ1 & 2) |
|---|
| History of fraud risk management at the SBA |
| Current FRMB processes and internal controls |
| Best practices in fraud mitigation |
| FRMB readiness for an outcome evaluation |
| Potential business process improvements |

²⁰ As described above in Section 4.7, FRMB processes are better suited for an outcome evaluation than an impact evaluation.

Both the plausibility and feasibility dimensions of the evaluability assessment have an average rating of 2, indicating the SBA is somewhat ready for an outcome evaluation of the FRMB in the near future, after addressing critical issues. Table 11 provides a high-level summary of the findings that justify the ratings.

Table 11: Summary of evaluability assessment findings

| Topic | High-Level Findings | Rating |
|--|--|----------|
| Plausibility | | |
| Theory of Change | Although there is no documentation of an overall Theory of Change or an FRMB logic model, there are no significant barriers to developing a logic model. Documents like the FRMB Charter and FRMB Strategic Plan describe the FRMB's purpose and goals. | 2 |
| Investment | The FRMB has made significant progress in defining its purpose and goals, and there are opportunities to align FRMB Strategic Goals with resources for success and specific measures to determine success. Additional information on how the FRMB fits within agency strategies is also needed to help educate SBA personnel on this topic. | 2 |
| Program design and implementation | While FRMB members (and Advisory Team members) are trained annually, there is a need for additional guidance on how to review FRA results. Although there have been several iterations of FRA training for program office staff, there is still room for improvement to ensure program office staff have the right tools to accurately and thoroughly complete FRAs. There are some factors that could affect the FRMB's success in reaching its intended outcomes. | 2 |
| Average rating: | | 2 |
| Feasibility* | | |
| Previous evaluations | No previous evaluations have been conducted of the FRMB. However, the current formative evaluation is designed to help prepare the FRMB for a future outcome evaluation. The evaluability assessment rating can be raised from 2 to 1 by implementing recommendations resulting from this formative evaluation. | 2 |
| Available data sources | There are several data sources available, but metrics are not tracked in a standardized way. There are opportunities to standardize and centralize data to enable analysis for a future outcome evaluation, especially through the use of a governance, risk, and compliance tool. Additional information on the authors and contributors of FRAs was not readily for this formative evaluation. This information is required to help prepare the FRMB for a future evaluation and reduce the burden on SBA leadership, FRMB stakeholders, and program office staff. | 2 |
| Measurement | Although relatively few FRAs have been completed so far, there are upcoming FRAs scheduled to take place over the next several years, increasing the number of data points to be used for identifying potential impacts and outcomes of FRMB processes. Although an impact evaluation may not be feasible for the FRMB, an outcome evaluation is feasible. There is currently no process or permanent tool for tracking FRMB outcomes. | 2 |
| Average rating: | | 2 |

*A fourth topic within feasibility (timing and resources) is beyond the scope of this evaluation and not included in this table.

Most evaluability assessment questions within each topic had a rating of 2 (somewhat ready for a future evaluation), and a few had a rating of 3 (not ready for a future evaluation). No evaluability assessment questions or topics had a rating of 1 (ready for a future evaluation). Section 5.1.5 below describes business process improvements that will increase the ratings in Table 11 above, thereby increasing the FRMB's readiness for a future evaluation.



Plausibility. All questions related to each of the topics within the *plausibility* dimension were rated 2 (somewhat ready for a future evaluation). This indicates that although there are some critical issues that need to be addressed before an outcome evaluation can proceed, these issues can be addressed in the near future. For example, adding information to the FRMB member training and FRA training on why FRAs are conducted (including how they fit into overall SBA processes for fraud risk mitigation) would help increase the rating for the *investment* topic without requiring substantial effort. Additionally, developing an FRMB logic model will increase the rating for the *Theory of Change* topic by formally documenting FRMB processes, outcomes, and impacts.

The full list of suggested business process improvements to mitigate the barriers identified in the evaluability assessment is presented in Section 5.1.5 below. For ease of reference, Table 12 crosswalks the topics within the *plausibility* dimension with the related business process improvements in Section 5.1.5 that would increase their evaluability assessment ratings.

Table 12: Plausibility business process improvements crosswalk

| Topic | Current Rating | Relevant Improvement | Business Process Improvement Description |
|-----------------------------------|----------------|----------------------|---|
| Theory of Change | 2 | 10 | Develop a program logic model. |
| Investment | 2 | 1 | Update FRA training. |
| Program design and implementation | 2 | 2 | Update and standardize refresh training. |
| | | 3 | Update FRMB training. |
| | | 4 | Share GAO training. |
| | | 6 | Establish SOPs for FRMB processes. |
| | | 8 | Standardize meetings with the Fraud Risk Manager. |

Feasibility. Most questions within each topic of the *feasibility* dimension were rated 2 (somewhat ready for a future evaluation), and the overall average rating for this dimension is 2; however, three questions had a rating of 3 (not ready for a future evaluation). Specifically, these questions are related to the *available data sources* topic (“Do current metric-tracking systems have capacity to deliver relevant, good quality data for use in an outcome evaluation” and “Are data available, accessible, relevant, and of sufficient quality to conduct an outcome evaluation?”) and the *measurement* topic (“Can alternative explanations for observed outcomes be assessed?”). The barriers identified in these questions cannot be easily or quickly addressed by the FRMB, but Section 5.1.5 below describes potential process improvements to begin removing those barriers. For ease of reference, Table 13 crosswalks the topics within the *feasibility* dimension with the related process improvements in Section 5.1.5 that would increase their evaluability assessment ratings.

Table 13: Feasibility process improvements crosswalk

| Topic | Current Rating | Relevant Process Improvement | Process Improvement Description |
|------------------------|----------------|------------------------------|---|
| Previous evaluations | 2 | All | See Table 14 in Section 5.1.5 for a description of all process improvements. |
| Available data sources | 2 | 11 | Insert a stakeholder register into the FRA spreadsheet to identify program office POC and contributing authors. |
| Measurement | 2 | Evaluation Recommendation 1 | See Recommendation 1 in Section 6: Implement standardized tracking of key metrics leveraging existing systems and infrastructure. |



5.1.5 Potential business process improvements

In addition to the three evaluation recommendations in Section 6, Summit identified 14 potential business process improvements, shown in Table 14. These potential business process improvements are based on the findings from the literature review, interviews (and the resulting process map), evaluability assessment, and metric development task (discussed in Section 5.2). This section describes each suggestion and indicates how it will help improve evaluability assessment ratings and adhere to best practices. Business process improvements can be roughly organized into four categories related to training, processes, data, and communications. However, there may be overlaps across these categories.

| Evolution of fraud risk management at the SBA (RQ1 & 2) |
|---|
| History of fraud risk management at the SBA |
| Current FRMB processes and internal controls |
| Best practices in fraud mitigation |
| FRMB readiness for an outcome evaluation |
| Potential business process improvements |

Table 14: Summary of potential business process improvements

| Potential Business Process Improvement | |
|--|---|
| Training improvements | |
| 1 | Update FRA training. |
| 2 | Update and standardize refresh training. |
| 3 | Update FRMB training. |
| 4 | Share GAO training. |
| 5 | Conduct targeted training and engagement. |
| Process improvements | |
| 6 | Establish SOPs for FRMB processes. |
| 7 | Continue implementing standardized timeline for FRAs and refreshes. |
| 8 | Establish standardized technical assistance during FRA completion. |
| 9 | Standardize updates on FRA progress during each FRMB meeting. |
| Data improvements | |
| 10 | Develop a program logic model. |
| 11 | Insert a stakeholder register into the FRA spreadsheet to identify program office POC and contributing authors. |
| 12 | Assess whether Advisory Team makeup meets FRMB needs. |
| 13 | Complete the evaluability assessment for the remaining dimensions. |
| Communication improvements | |
| 14 | Establish a standard for communication of results regarding controls testing as it relates to fraud risks identified in FRAs. |

5.1.5.1 Training improvements

The training improvements described below will help address pain points, align with best practices, and improve the FRMB's readiness for a future outcome evaluation, as described in Table 15.

Table 15: Benefits of training improvements

| Relevance | Description |
|--------------------------------|--|
| Pain points | Address pain points identified through interviews regarding FRA training, expectations for completing refreshes, and whether FRMB members have the appropriate training to provide a comprehensive review of completed FRAs. |
| Best practices | Align with best practices identified in the literature review, specifically related to the <i>Commit</i> component of the GAO framework (setting the tone at the top and prioritizing documentation). Bolster FRA training with GAO trainings to increase staff awareness of the GAO framework and strengthen the SBA's commitment to fraud risk management at all levels. Mature the SBA's fraud risk management and support a culture of continuous improvement. |
| Evaluability assessment | Raise the evaluability assessment rating for <i>Plausibility: Investment</i> from 2 to 1 by improving program office staff training to complete FRAs. Raise the evaluability assessment rating for <i>Plausibility: Program design and implementation</i> from 2 to 1 by creating and standardizing an FRA refresh training, improving FRMB member training to deliver the program, and improving FRMB member and program office staff training. |

1. Update FRA training. Although the training on how to conduct an FRA (as conducted at the time of data collection for this evaluation) covered many topics, additional content is needed to support program offices in accurately and comprehensively assessing program risks. The document review revealed that while the training included information on how to rate fraud risk likelihood and impact, it did not provide guidance on how to determine the effectiveness of SBA controls (although some information on this topic is included in the FRA spreadsheet). Additionally, program offices reported that more information on why FRAs are conducted would be helpful. Finally, the literature review suggested tools to help brainstorm program risks (such as fraudster personas and the ABCD method) are a best practice for fraud risk assessment training and can contribute to a strong anti-fraud organizational culture.

Therefore, the SBA should include content and resources in the FRA training, including why FRAs are conducted (and how they fit into overall SBA processes for fraud risk mitigation), how the results of the completed FRAs will be used, and additional instructions on how to brainstorm and identify program-specific fraud risks.²¹ Additionally, supplemental materials such as the GAO framework or a handout with examples of fraud risks and sample scenarios will help program offices understand the types of risks and brainstorm potential fraud schemes.²²



Since the time of data collection, contractor support has provided updated FRA trainings in the form of PowerPoint slide decks to support the brainstorming of risks. These slide decks include information on key concepts such as fraud risk scoring (informed by risk likelihood and impact), types of internal controls, rating internal controls, and the differences between inherent and residual risk. Additionally, contractor support is in the process of developing an updated FRA training that will be given to the program office personnel that conduct FRAs.

2. Update and standardize refresh training. Program office interviews revealed a need to standardize the refresh training. At the time of data collection, the FRA training did not include information on

²¹ This also informs Recommendation 2 (*Establish and standardize a clear feedback loop with program offices throughout the FRA process*) presented in Section 6.

²² Since the time data collection was completed, there have been updates to the training process and content, which includes a high-level training conducted by a contractor who is the SBA's Fraud Risk Subject-Matter Expert (for all program offices undergoing an FRA during each quarter), followed by a more specific orientation on how to complete the FRA template conducted by the Fraud Risk Manager.



refreshes. One program office reported completing a refresh by following the same process as the initial FRA before being informed this process was incorrect and that the refresh should not have followed the same structure as a new FRA but should instead update the previously completed spreadsheet.

To address this pain point, the SBA should standardize a separate refresh training that summarizes the key information from the FRA training (given that the people conducting the refresh may not be the same group who completed the original FRA) and clarifies the expectations around the goals of a refresh (including whether the intention is to revisit and update the previously completed FRA spreadsheet). As the SBA continues to complete FRAs, these refreshes will become increasingly frequent, underscoring the importance of training to improve both overall FRA quality and refresh quality.

3. Update FRMB training. As described by the Fraud Risk Manager, the purpose of the FRMB’s review of completed FRAs is to determine whether program offices need to identify more risks, resources, or rationale and provide feedback on risk ratings based on the presented evidence. Although the current FRMB and Advisory Team training covers roles and responsibilities, it does not include instructions for how to review FRAs for accuracy, completeness, and sufficiency. As described in Section 5.1.2, FRMB members’ responsibility regarding FRA reviews (identifying macro-level opportunities for improvements rather than conducting a technical assessment) is not reflected in training materials and was not well understood by the FRMB members.

These findings highlight the need to augment and standardize the existing FRMB training to empower FRMB members to draw high-level conclusions across a wide variety of program office risks, risk ratings, control ratings, and residual risk ratings. The training should also offer guidance on the level of feedback that FRMB members should provide on completed FRAs to ensure a sufficient review.²³

4. Share GAO trainings. Participants in the first participatory data analysis session noted there are relevant GAO trainings that would improve program office awareness of the GAO framework. Given the benefit of GAO training, the SBA should standardize and formalize the sharing of relevant GAO materials. This includes identifying a list of collateral and trainings that are shared with each onboarding FRMB member as well as program offices at the beginning of the FRA process.



According to the Fraud Risk Manager, information to register for GAO trainings had been shared with FRMB members and the FRMB Advisory Team. Additionally, in FY 2024 the Fraud Risk Manager provided an overview of the GAO training for FRMB and Advisory Team members who were unable to attend the training.

5. Conduct targeted training and engagement. To mature the SBA’s fraud risk management and support a culture of continuous improvement, the FRMB should establish advanced, targeted training specific to key roles in fraud risk management. This represents a “middle level” between the high-level SBA-wide training (incorporated in Recommendation 3) and the narrow FRA training for program offices selected for an FRA. Targeted, more advanced training could help develop and reinforce the competencies needed for key roles in preventing and mitigating fraud risk, such as Fraud Risk Officers for each program and training for managers to support standards of conduct within their area of responsibility. This improvement is supported by Principle 4 of GAO’s *Standards for Internal Control in the Federal Government* (GAO, 2014).

²³ This also informs Recommendation 2 (*Establish and standardize a clear feedback loop with program offices throughout the FRA process*) presented in Section 6.





According to the Fraud Risk Manager, beginning in FY 2023 the SBA conducted periodic Peer-to-Peer Learning Sessions on topics including fraud risk management, enterprise risk management, and internal controls.

5.1.5.2 Process improvements

Table 16 describes how potential improvements to processes can help address pain points, align with best practices, and improve the FRMB's readiness for a future outcome evaluation.

Table 16: Benefits of process improvements

| Relevance | Description |
|--------------------------------|--|
| Pain points | <ul style="list-style-type: none"> Address pain points in FRA scheduling raised by program offices. |
| Best practices | <ul style="list-style-type: none"> Ensure consistent guidance on conducting FRMB activities and internal controls. Continue having a more proactive approach to fraud risk mitigation through scheduled FRAs. Standardize a process that is currently working well to ensure all program offices benefit from this assistance when completing FRAs. Ensure there is accountability and continuous improvement (<i>Evaluate and Adapt</i> component of the GAO framework) within the FRMB by regularly reporting on the status of in-progress FRA activities. |
| Evaluability assessment | <ul style="list-style-type: none"> Increase the evaluability assessment ratings for <i>Plausibility: Program design and implementation</i> from 2 to 1 by improving support to help program office staff deliver the program (i.e., complete the FRAs). |

6. Establish SOPs for FRMB processes. There are currently no SOPs documenting FRMB processes and procedures or a standardized process for reviewing, updating, and tracking changes to policies and procedures to ensure they are up to date. The FRMB should develop a detailed SOP that provides guidance on conducting FRMB activities and details internal controls to assess which processes are working well and which could benefit from future improvements.

7. Continue implementing a standardized timeline for FRAs and refreshes. Continuing to schedule FRAs and refreshes (based on risk levels) and conducting FRAs on the scheduled timeline is critical to developing a proactive approach to fraud risk mitigation at the SBA. According to the FRA schedule, programs identified as low risk will be assessed through a refresh FRA every 3 years, programs identified as medium risk will be assessed every 2 years, and FRAs identified with high-level risks will have quarterly monitoring and risk remediation (SBA, n.d.-a).

Therefore, the SBA should continue implementing the standardized timeline as defined in the *SBA's 3-Year Fraud Risk Assessment Schedule & Cadence/Methodology* document (SBA, n.d.-a). Conducting FRAs on a schedule based on level of risk is a best practice identified by the GAO framework and will enable a more proactive and less reactionary approach to fraud risk. Standardizing the timeline for FRAs ensures programs with high levels of risk are followed up on and that controls are functioning as intended. Because this process improvement is continuing a practice the SBA is already conducting, it represents a low-effort success, as it does not require new or revised processes.

This also represents an opportunity to incorporate program office input on FRA timing, which has previously been a pain point for some offices. Three program offices noted that timing overlapping with the holidays or the end of the fiscal year was challenging. One program office noted that planning the schedule further in advance would have helped them plan and prepare for the FRA.





According to the Fraud Risk Manager, the development of the FY 2024 FRA schedule included reaching out to program offices to identify the best time of year for each selected office to complete its FRA. As future FY timelines are developed, the SBA should continue soliciting input from program offices regarding the best time to schedule an FRA. This will help address timing issues experienced in the past and help program offices plan and prepare for the FRA.

8. Establish standardized technical assistance during FRA completion. Several program offices stated that follow-up meetings with the Fraud Risk Manager during the FRA process were “very helpful.” When asked what parts of the FRA process are working well, this ongoing assistance was the most common response. The current Fraud Risk Manager has continued holding follow-up meetings and assisting program offices during FRAs.

Given how helpful program offices reported this assistance has been, the SBA should standardize follow-up meetings with the Fraud Risk Manager and program offices during the FRA process to enable program offices to ask questions and seek additional guidance. Potential meeting topics include guidance on how to fill out the FRA spreadsheet, feedback on the draft FRA spreadsheet, preparing to present to the FRMB, and any other questions or topics that program offices raise.

9. Standardize updates on FRA progress during each FRMB meeting. As a standard part of each FRMB meeting, the Fraud Risk Manager should present a standardized update on the status of each in-progress and scheduled FRA. This suggestion directly relates to the metrics of FRA and FRMB success discussed in Section 5.2, as many of the proposed topics or updates overlap with the list of proposed metrics. Activities to track include scheduled FRAs (both in progress and scheduled for the next quarter), trainings conducted with program offices, FRAs submitted, FRAs reviewed and approved, follow-up meetings that have been scheduled and feedback provided, and Fraud Risk Library updates. These updates can be provided in a table as part of the PowerPoint for the FRMB meeting.

Many of these activities to track overlap with the metrics identified in Section 5.2. Therefore, implementing this potential process improvement would also align with Recommendation 1 (*Implement standardized tracking of key metrics leveraging existing systems and infrastructure*).

5.1.5.3 Data improvements

The data improvements described in Table 17 below will help align with best practices and improve the FRMB’s readiness for a future outcome evaluation.

Table 17: Benefits of data improvements

| Relevance | Description |
|-----------------------|--|
| Best practices | <ul style="list-style-type: none"> Align with best practices in the <i>Commit</i> component of the GAO framework by (1) prioritizing documentation and (2) staffing the FRMB Advisory Team with personnel who have relevant knowledge, expertise, and skills by defining subject areas in which Advisory Team members should have expertise and conducting a gap assessment to determine whether the current roles fulfill the expertise requirements. Adhere to the best practices identified in the literature review, specifically related to the <i>Assess</i> components of the GAO framework by identifying relevant stakeholders. |



| Relevance | Description |
|--------------------------------|--|
| Evaluability assessment | <ul style="list-style-type: none"> • Raise the evaluability assessment rating for <i>Plausibility: Theory of Change</i> from 2 to 1 by creating a visual representation (via a logic model) of the intended relationship between program inputs, activities, outputs, outcomes, and impact. • Raise the evaluability assessment rating for <i>Feasibility: Available data sources</i> from 2 to 1 by improving the ability to contact document authors and key stakeholders for data collection or clarifying questions. • Prepare the FRMB for a future outcome evaluation by identifying remaining issues to address before the program is ready for an evaluation. |

10. Develop a program logic model. As discussed in Section 5.1.4, although there is currently no FRMB logic model or documented Theory of Change, existing agency documents describe the FRMB's purpose and goals. Identifying the intended outputs of a program is a crucial step to prepare for an outcome evaluation that would assess whether those planned outputs are achieved. Additionally, creating a logic model would help identify which components of FRMB processes are least understood or most critical to program success, which could inform the focus of a future evaluation.



As part of this evaluation, Summit is developing a draft logic model that shows the intended outputs of FRMB and FRA processes informed by documents such as the FRMB Charter and FRMB Strategic Plan. Upon receipt, the SBA should review and revise the draft program logic model.

11. Insert a stakeholder register into the FRA spreadsheet to identify program office POCs and contributing authors. Currently, there is no record of the program office leadership and staff involved in completing FRAs; the only similar documentation is the FRMB meeting invitation attendance lists and meeting notes for meetings during which FRAs were presented. In preparing for interviews with each program office that had undergone an FRA, Summit and the COR experienced challenges identifying the correct POC. Because program office stakeholders were not documented, this information was difficult to maintain throughout the transition between Fraud Risk Managers. This lack of contact information will also be a challenge for future follow-ups, including a future outcome evaluation. Therefore, to prepare for a future outcome evaluation, the FRMB should add a stakeholder register to the FRA spreadsheet to capture (1) a single POC for the program office's FRA and (2) the list of staff who worked on the FRA for recordkeeping purposes. The Fraud Risk Manager agreed with this suggestion.



As of FY 2024, the FRMB has implemented this proposed business process improvement by updating the FRA spreadsheet with a stakeholder register.

12. Assess whether Advisory Team makeup meets FRMB needs. Members of the FRMB Advisory Team described their role as providing individual expertise on an ad hoc basis. The expertise of Advisory Team members spans an array of subject matters, including data analytics, internal controls, performance management, fraud litigation, and human resources training, among others. Advisory Team members also attend FRMB meetings and receive completed FRAs ahead of FRA presentations. Conducting a gap assessment would allow the SBA to determine the fraud-related subject areas in which expertise is needed on the Advisory Team. Based on the list of identified skill sets or backgrounds, the gap assessment would assess whether the current Advisory Team roles fulfill the expertise requirements or whether additional or different Advisory Team members would be beneficial.



According to the Fraud Risk Manager, a gap assessment was conducted in 2023 and 2024, and resulted in updates to the FRMB Advisory Team members. The Advisory Team now includes additional SMEs from across the SBA, making the Advisory Team more



representative of the agency as a whole. This change was voted on by the FRMB and approved by the SBA Administrator.

13. Complete the evaluability assessment for the remaining dimensions. As described in Section 5.1.4, Summit has completed the components of the evaluability assessment within the scope of this evaluation. The SBA should complete the remaining components by assigning a rating to each assessment question and averaging ratings across topics and dimensions. Completing the evaluability assessment will enable the SBA to identify and address any remaining issues that would be a barrier to a future outcome evaluation.

5.1.5.4 Communication improvements

As shown in Table 18, the potential improvement described below will help align with best practices.

Table 18: Benefits of communication improvements

| Relevance | Description |
|----------------------|--|
| Best practice | Support FRMB Strategic Goal 3.3 (Controls are reviewed internally and/or externally and noted deficiencies and/or gaps are corrected) by providing knowledge to help reduce gaps or deficiencies in fraud risk controls. Support best practices identified in the literature review regarding a strong anti-fraud organizational culture, collaboration with stakeholders, and continuous improvement. |

14. Establish a standard for communication of results regarding controls testing as it relates to fraud risks identified in FRAs. There is an opportunity to establish standardized communication regarding the effectiveness of fraud risk controls. Testing of risk controls falls under the purview of the Internal Controls function as part of the annual audit. Internal Controls then communicates the results of specific control testing back to program offices. The FRMB should review all results from the annual audit and identify lessons learned based on fraud risk controls that can be shared with program offices.²⁴

5.2 Leveraging existing infrastructure and technology to proactively prevent, detect, and control fraud

This section presents findings to answer RQ3 (How can existing infrastructure and technology be leveraged to proactively prevent, detect, and control fraud within the SBA's loan and government contracting programs in the SBA's current state?). The information presented in this section is informed by the literature review of best practices in fraud risk management; documentation review of current FRA and FRMB processes; interviews with SBA leadership, FRMB stakeholders, and SBA program offices; and findings from a participatory data analysis session with FRMB members and stakeholders.

Key finding. There is a need to establish a process for tracking metrics of FRA and FRMB success; this is presented as Recommendation 1 in Section 6. Tracking metrics on FRA and FRMB processes on a standardized schedule enables the SBA to utilize data analytics to assess the effectiveness of these processes over time and offers opportunities for ongoing fraud risk management improvements based on evidence. Tracking metrics will provide the evidence base needed for a future outcome evaluation.

Section organization. First, this section provides an overview of the SBA's existing infrastructure and technology related to fraud risk mitigation (Section 5.2.1). Next, Summit identifies metrics of FRA and FRMB success that the SBA should track and provides three immediate next steps (Section 5.2.2). Finally, Summit discusses the acquisition of new infrastructure and technology to centralize and automate tracking of FRA and FRMB metrics (Section 5.2.3).

²⁴ This suggestion is specific to fraud risk controls tested by Internal Controls; other types of risks are outside the purview of the FRMB. Sharing lessons learned will also complement the actions recommended in Recommendation 2 (*Establish and standardize a clear feedback loop with program offices throughout the FRA process*) in Section 6 to improve the feedback loop with program offices.



Table 19: RQ3 executive summary

RQ3. How can existing infrastructure and technology be leveraged to proactively prevent, detect, and control fraud within the SBA’s loan and government contracting programs in the SBA’s current state?

There is a need to implement a process to track metrics of FRA and FRMB success, as presented in Recommendation 1 in Section 6 (*Implement standardized tracking of key metrics leveraging existing systems and infrastructure*).

Overview of existing infrastructure and technology. At the time of this evaluation, the existing infrastructure and technology used by the FRMB to proactively prevent, detect, and control fraud included the standardized FRA spreadsheet template and a limited fraud risk dashboard housed in Power BI. The FRMB currently does not follow a standardized process for tracking metrics related to FRA and FRMB success. This represents an opportunity to implement a tracking infrastructure to track ongoing efforts, assess FRMB success, and identify areas for improvements.

Leverage existing infrastructure and technology to track metrics. The SBA should leverage its existing infrastructure and technology to begin tracking key metrics to assess FRA and FRMB success. Summit identified key metrics to enable the SBA to use data analytics to evaluate the success of FRA and FRMB processes over time and at an enterprise level. The next steps the SBA should take to begin tracking metrics are, in order of occurrence:

1. Begin tracking metrics on a standardized frequency,
2. Expand the existing fraud risk dashboard on Power BI, and
3. Identify indicators and develop rubrics.

Future-state infrastructure and technology opportunities. To continue improving metric tracking, the SBA should continue its efforts to acquire a governance, risk, and compliance (GRC) tool. A GRC tool will increase automation and make information more accessible for the FRMB and program offices completing FRAs. Furthermore, the benefits of a GRC tool will go beyond the FRMB by streamlining collaboration with the ERM and IC functions.

5.2.1 Overview of existing infrastructure and technology

At the time of this evaluation, the existing infrastructure and technology used by the FRMB to proactively prevent, detect, and control fraud included the standardized FRA spreadsheet template and a limited fraud risk dashboard housed on Power BI.

FRA spreadsheet. This Microsoft Excel–based spreadsheet is the FRA template used by program offices to complete FRAs (SBA, 2023g). The spreadsheet includes five tabs, described in Table 20.

| Fraud risk mitigation infrastructure and technology (RQ3) |
|---|
| Existing infrastructure and technology |
| Leveraging existing infrastructure and technology |
| Future-state infrastructure and technology |



Table 20: FRA spreadsheet contents

| FRA Spreadsheet Tab | Contents |
|-------------------------------------|---|
| Instructions | Provides instructions for using the FRA spreadsheet |
| Fraud Risk Scoring Scale | Identifies the scale for determining the overall rating and the SBA's tolerance for each fraud risk |
| Fraud Risk Assessment Matrix | Main tab of the FRA spreadsheet, where program offices document the details of the fraud scheme or risk |
| Fraud Risk Response Plan | Used for documenting the program office's planned actions to respond to the fraud risk |
| Sources | Provides space to document what references were used in conducting the assessment |

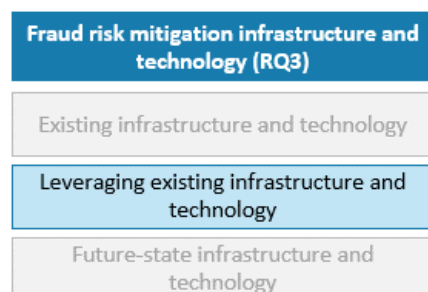
Fraud risk dashboard. The existing fraud risk dashboard on Power BI includes a handful of metrics, such as the number of FRAs completed by program office, the number of fraud risks assessed, and the risk count by rating (high, medium, or low).

Beyond these two tools, the Fraud Risk Library could be considered existing infrastructure. As discussed in Section 5.1.3, the Fraud Risk Library is a Microsoft Excel document that catalogs findings across completed FRAs (SBA, n.d.-c). Like the Power BI dashboard, the Fraud Risk Library documents metrics pulled from the FRAs, such as the program and subprogram office name, the type of risk, the risk level, details about the fraud scheme, and details about the anti-fraud controls in place (SBA, n.d.-c). At the time of data collection, it was unclear based on interviews with program offices whether this resource was provided as they brainstormed fraud risks. After completion of data collection, the Fraud Risk Manager stated that this resource is made available to program offices during the brainstorming sessions.

Key takeaway. The key takeaway from the list of existing infrastructure and technology is that there is currently not a process for tracking metrics related to FRA and FRMB success. This represents an opportunity to establish infrastructure to track efforts, assess FRMB success, and identify where improvements are needed. To this end, the next section outlines the information that should be tracked and immediate next steps to begin this process.

5.2.2 Leverage existing infrastructure and technology to track metrics

The SBA should leverage its existing infrastructure and technology to begin tracking key metrics of FRA and FRMB success, as described in Recommendation 1 in Section 6 (*Implement standardized tracking of key metrics leveraging existing systems and infrastructure*). Tracking key metrics is crucial for any future assessment of program success, as an outcome evaluation cannot be conducted without metrics related to program outcomes. For this reason, tracking metrics would address the critical needs identified by the evaluability assessment in Section 5.1.4. The Fraud Risk Manager agrees with this recommendation.



Metrics alignment with SBA and FRMB strategic goals. Alignment of metrics with an agency's strategic goals and objectives provides a common basis of understanding of progress toward those objectives and enables enterprise risk management to support strategic goal achievement. At the agency level, key metrics should be tracked and shared through regular reporting with relevant staff to align with SBA



Strategic Goal 3 (Implement Strong Stewardship of Resources for Greater Impact) (SBA, 2022a). This is supported by the literature review, which found that measuring outcomes of an implemented activity or control can help quantify improvements in performance and effectiveness over time (CFO Council & Bureau of the Fiscal Service, n.d.). Alignment of metric tracking with strategic goals will further strengthen the SBA's strong organizational commitment to anti-fraud activities. Additionally, tracking metrics will create a strong evidence base to support accountability, assess what works well, and identify what needs improvement from a performance measurement perspective. Taken together, this process enables data-driven decision-making when it comes to fraud risk mitigation across the agency.

Metrics for the SBA to track. Summit has identified key metrics that the SBA should begin tracking to understand FRMB success and identify opportunities to continue maturing fraud mitigation processes. The developed metrics focus on FRA and FRMB processes rather than individual program offices, as the intention is to provide metrics that can enable the SBA to use data analytics to evaluate the success of FRA and FRMB processes over time and at an enterprise level. Appendix D provides a more in-depth description of these metrics.

Metrics related to FRMB processes (presented in Table 21) are grouped into three categories: (1) training, (2) knowledge sharing and expertise, and (3) reporting and communication.

Table 21: Key FRMB metrics

| Metric | Description |
|---|--|
| Training | |
| Percent of employees who have completed fraud risk awareness trainings (developed by the FRMB) within the past 12 months. | Percent of employees who have completed FRMB-developed agencywide fraud risk awareness trainings within the past 12 months. |
| Average participant rating of agencywide fraud risk awareness training. | Average rating on a five-point scale (from very effective to not at all effective). Ratings should be collected through a follow-up survey with all staff who participated in the agencywide training. |
| Percent of employees who have completed the FRA or refresh training in the past 3 fiscal years. | Percent of employees who have completed the FRA or refresh training in the past 3 fiscal years. |
| Percent of FRA contributors who attended the FRA training. | Within each program office that completed an FRA or refresh, the percent of FRA contributors that attended the FRA or refresh training conducted by the Fraud Risk Manager. |
| Percent of FRMB members who completed the annual FRMB training. | Percent of FRMB members (new or existing) who complete annual training for FRMB members; this metric should be 100%. |
| Knowledge sharing and expertise | |
| Number of FRMB educational activities conducted in the past 12 months. | Number of fraud awareness educational activities conducted by the FRMB in the past 12 months, either agencywide or aimed at a specific audience. Activities can include brown bag sessions, webinars, roundtables, job aids, fraud awareness tips in the SBA Daily, and more. |
| Percent of SBA staff who attended any FRMB educational activities in the past 12 months. | Percent of total SBA staff who attended any fraud awareness activities hosted by the FRMB (such as a brown bag session, webinar, roundtable, etc.) in the past 12 months. The SBA should determine how it defines "SBA staff" for this calculation (i.e., full position count at the SBA or an adjusted number). |
| Percent of SBA program offices with a dedicated Fraud Risk Officer (or similar role). | Total percent of SBA program offices with a dedicated Fraud Risk Officer or staff member with the appropriate training and designated responsibilities for fraud risk management activities. |



| Metric | Description |
|--|--|
| Reporting and communication | |
| Distribution of fraud risk ratings reported to the Enterprise Risk Management (ERM) Board in the past 12 months. | Frequency distribution of medium and high fraud risks that were reported to the ERM Board in the past 12 months. The SBA plans to report high-level risks on a quarterly basis. |
| Number of open fraud-related findings with corrective actions identified by OIG or GAO. ²⁵ | Total number of open fraud-related findings with corrective actions identified by OIG or GAO. Progress addressing open findings should be discussed in each FRMB meeting. OIG and GAO findings are considered closed when the SBA responds with the steps taken to address the finding and OIG or GAO agrees. |
| Number of next steps identified from the FRMB review of the annual Internal Controls (IC) audit. | Total number of next steps or action items identified by the FRMB in its review of the annual IC audit results. |
| Percent of SBA program offices that receive a follow-up communication after FRAs are complete. | Percent of SBA program offices that have received follow-up communication on next steps after FRA approval from the FRMB. |
| Percent of SBA program offices that provide feedback to the FRMB after FRA completion. | Percent of program offices that provide feedback on the FRMB after completion of an FRA or refresh. The Fraud Risk Manager should encourage feedback be shared; potential avenues include during a follow-up meeting or at the end of the FRA presentation in the FRMB meeting. Feedback may cover topics on the FRA process such as what went well, lessons learned, pain points, and suggestions for improvements. |
| Percent of action items from each FRMB meetings that have been completed. | Percent of action items or next steps that are identified in the FRMB meeting notes that have been completed. |

Metrics related to the FRAs (presented in Table 22) are grouped into three categories: (1) FRA schedule, (2) identifying fraud risks, and (3) internal controls.

Table 22: Key FRA metrics

| Metric | Description |
|---|--|
| FRA schedule | |
| Number of FRAs planned for the fiscal year. | Total number of FRAs planned for the fiscal year, including refreshes. |
| Percent of planned FRAs completed in the fiscal year. | Total percent of FRAs that have been completed in the fiscal year, including refreshes. Completion is defined as FRMB members voting to approve the submitted FRA. |
| Percent of SBA programs that have undergone an FRA or refresh in the past three fiscal years. | Percent of SBA programs that have started or completed an FRA or refresh in the past 3 fiscal years (including both ongoing and completed FRAs). |
| Identifying fraud risks | |
| Number of identified fraud risks. | Total number of identified fraud risks documented by program offices in completed FRAs and refreshes. |
| Distribution of risk levels. | A frequency distribution of low, medium, and high fraud risks documented by program offices in completed FRAs and refreshes. |
| Internal controls | |
| Number of anti-fraud controls. | Total number of anti-fraud controls identified by program offices in the FRAs and refreshes. |
| Percent of fraud risks with anti-fraud controls. | The percent of fraud risks with an identified anti-fraud control (should be 100%). |

²⁵ Open GAO recommendations for the SBA related to fraud mitigation can be found at [Priority Open Recommendations: Small Business Administration | U.S. GAO](#).



| Metric | Description |
|---|--|
| Distribution of residual risk levels. | A frequency distribution of low, medium, and high residual risks. Residual risk ratings are calculated once the associated control is implemented. |
| Number of fraud risk ratings that changed between FRAs. | Total number of fraud risk ratings that have changed between FRAs (whether initial or refresh) across all SBA programs. |

These metrics can be crosswalked to the FRMB’s strategic goals. While these metrics are not intended to exhaustively evaluate the SBA’s success regarding each strategic goal, this approach enables the SBA to measure and understand performance toward the goals and objectives it has set forth, as well as opportunities to further build fraud risk management capacity.

Next steps for tracking metrics. The next steps the SBA should take to begin tracking metrics are, in order of occurrence:

1. Begin tracking metrics on a standardized frequency,
2. Expand the existing fraud risk dashboard on Power BI, and
3. Identify indicators and develop rubrics.

Begin tracking metrics. As an immediate next step, the SBA should begin tracking the above metrics (as discussed in Recommendation 1 in Section 6: *Implement standardized tracking of key metrics leveraging existing systems and infrastructure*). This will ensure that high-quality data are compiled to answer future questions about FRMB success and prepare for a future outcome evaluation.

As noted above, much of the data required for these metrics are obtainable under current FRMB processes. For example, the FRA metric *Number of FRAs planned for the fiscal year* is documented in the document *Fraud Risk Assessment Schedule & Cadence/Methodology* (SBA, n.d.-a). Similarly, the FRA metric *Percent of SBA programs that have undergone an FRA or refresh in the past three fiscal years* can be calculated by the Fraud Risk Manager, as the number of completed FRAs is known. For obtainable data, the process map in Appendix C identifies at what point in existing FRMB and FRA processes metrics are generated.

Some data will require process changes to obtain; many of these process changes are part of the evaluation recommendations or potential progress improvements presented in this report. For example, the FRMB metric *Percent of attendees who rate FRA and refresh trainings as effective* requires a post-training survey to be developed and fielded.

The SBA should begin by tracking each metric annually (although some metrics will require documentation throughout the year to enable calculation of the metric annually). The SBA may assess and update the frequency of metric tracking as fraud mitigation processes continue to mature.

Expand the existing fraud risk dashboard. Next, the SBA should expand the existing fraud risk dashboard on Power BI to consolidate tracking and measurement of all proposed metrics in a single, accessible platform. The benefit of this approach is that Power BI is already used within the SBA and is relatively user-friendly, with less of a learning curve than other analytic tools. The SBA should work with FRMB and SBA leadership to determine what metrics should be included in the dashboard and what visualizations will be requested by various audiences. While the SBA’s data experts would need to make any updates to the dashboard itself, once those updates are implemented, anyone with access can generate visualizations of metrics data. The Fraud Risk Manager should work with the SBA data experts



to ensure the data in Power BI are updated regularly with tracked metrics; steps for this process will be documented in the separate Recommendation Implementation Plan.

Identify indicators and develop rubrics. Broadly speaking, *metrics* are measurable data (such as the number or percent of something) that can inform decision-making. The term *indicator* generally refers to calculable measures made up of multiple metrics, which together provide a higher-level view of progress, success, compliance, or other relevant topics.²⁶

While the SBA should begin by identifying and tracking standard metrics, the next step should be to identify performance indicators, which will be more informative than metrics alone. Once performance indicators are identified, the SBA should develop a rubric for tracking indicators within defined performance levels. This would enable the SBA to assess FRA and FRMB success based on predetermined performance levels.

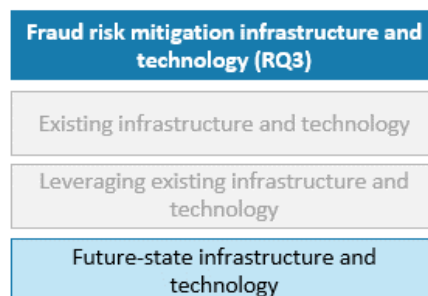
5.2.3 Future-state infrastructure and technology opportunities

While expanding the use of Power BI is a quick and relatively low-effort way for the SBA to leverage existing technology and infrastructure to proactively prevent, detect, and control fraud, in the long term the agency should obtain a GRC tool. The SBA has begun exploring GRC tools for metric tracking, but FRMB leadership indicated acquisition efforts are likely to take until FY 2025 to complete.

A GRC tool will improve the standardization of metric tracking by increasing automation and making information more accessible for the FRMB and program offices completing FRAs. For example, output metrics that are dependent on completed FRAs (such as the number of high, medium, and low risks identified) can be automatically extracted from completed FRAs, eliminating the manual step of uploading completed FRAs into Power BI or a GRC tool. Ideally, the FRA template itself would be built into the GRC tool to replace the existing spreadsheet template. Similarly, a GRC tool will enhance monitoring performance with key metrics, through automated reporting of current status and historical trends.

The benefits of a GRC tool will go beyond the FRMB. A GRC tool will help unify the complementary responsibilities, processes, and relevant metrics of the FRMB, ERM, and IC functions. A GRC tool is a streamlined way to establish, automate, and manage policies, risks, and compliance issues holistically in support of the agency's strategy and goals. Ultimately, governance, risk, and compliance supported by a GRC tool helps organizations break down silos and supports data-driven decision-making. Implementing a GRC tool starts with a strong GRC framework and a strategy to align people, processes, and systems in a manner that aligns with the agency's organization and mission areas.

While there will be many benefits to obtaining a GRC tool, this is a longer-term recommendation given the need to develop the appropriate strategy and change management to support an intentional framework. The SBA will also need to identify and purchase or build a specific software, calibrate the software to meet its needs, and train staff on accompanying policies, processes, and tool usage.




²⁶ A useful resource on the differences between metrics and indicators can be found at <https://professorannibal.com.br/2017/10/19/do-you-know-the-difference-between-metric-performance-indicator-index-unit-of-measure-and-target/>.



6 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The key findings detailed in the sections above can be organized into four areas of findings, presented below:

- **Alignment with best practices.** A comparison of current SBA practices to best practices in fraud risk management shows that the SBA's efforts align with many of the best practices outlined in the GAO framework. Additionally, as the agency continues to mature, there are opportunities to further align with best practices across all aspects of the GAO framework, especially related to monitoring FRMB and FRA success and ensuring continuous improvement. These business process improvements are provided in Section 5.1.5 and the recommendations presented below.
- **Process improvements planned or partially underway.** In the period since data collection was conducted for this evaluation, the SBA has begun implementing a number of process updates, many of which align at least partially with these recommendations and potential business process improvements presented in this report. Continuous improvement efforts undertaken by the SBA are helping to mature fraud risk mitigation processes, knowledge, and awareness across the agency. The alignment between these process updates and the draft recommendations is a positive development, as it shows that the SBA is already making improvements supported by the findings of this evaluation. 
- **Additional improvements are needed to address pain points and adhere to best practices.** Beyond the steps the SBA has already begun to take, there are additional opportunities for improvement. The key needs, which are reflected in the three evaluation recommendations below, are:
 - Standardized tracking of key FRA and FRMB metrics that leverage existing systems and infrastructure;
 - Standardized feedback loop with program offices throughout the FRA process; and
 - Increased SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs through ongoing training and communication.
- **Preparing for a future outcome evaluation.** The SBA must address critical issues related to available data sources and measurement before an outcome evaluation is feasible. Implementing the three evaluation recommendations will improve evaluability readiness ratings across several key topics.

From these findings Summit has developed three evaluation recommendations, presented below. Separately from this evaluation report, Summit is working with key stakeholders to document the implementation steps for each recommendation, including a RACI (responsible, accountable, consulted, informed) chart, potential contextual factors, milestones and anticipated timeline, and a clear plan for monitoring and evaluating implementation progress.

The three evaluation recommendations presented below are organized by level of importance; Recommendation 1 is the most important to implement, as it will prepare the SBA for a future outcome evaluation. All three recommendations build on the SBA's planned or ongoing improvements to help the FRMB meet its strategic goals and continue to mature fraud risk management awareness and processes across the agency.



Recommendation 1: Implement standardized tracking of key metrics leveraging existing systems and infrastructure.

Impact: High
Implementation effort: High

Relevant findings. Although some output data are currently obtainable, there is not a standardized system for documenting and assessing data. Establishing tracking of outcome metrics will be crucial for a future outcome evaluation, which cannot be completed without these data.

Recommendation. Establish standardized tracking metrics related to FRA and FRMB success through the following steps:

1. Begin tracking metrics on a standardized frequency;
2. Within the next year, expand the existing fraud risk dashboard on Power BI;
3. Within the next 2 years, identify performance indicators and develop rubrics; and
4. In the long term, obtain a GRC tool to track FRMB and FRA metrics.

Impact. Tracking metrics of FRA and FRMB success on a standardized schedule allows for data analytics to evaluate the success of FRA and FRMB processes across time and provide the SBA opportunities for continuous improvement of its fraud mitigation processes. This improvement also helps prepare the SBA for a future outcome evaluation by improving evaluability assessment ratings related to the following topics: (1) measurement (currently assessed at a 3, given the lack of a standardized metric tracking process and tool) and (2) available data sources (specifically related to whether data are available, accessible, and relevant for an outcome evaluation).

Increasing the use of Power BI in the immediate future can improve standardization of data tracking and accessibility of data. Power BI is already used within the SBA and is relatively simple to learn. While the SBA's data experts will need to further develop the tool, anyone with access will be able to use the visualizations once the tool is in place. In comparison, a GRC tool will be more complex and require the SBA to identify, purchase, and train staff on such a tool. Both Power BI and a GRC tool can be programmed to enable automation; for example, outcome metrics that are dependent upon completed FRAs (such as the number of high, medium, and low risks identified) could be automatically extracted from completed FRAs.

Identifying performance indicators that can be calculated based on outcome metrics will provide the SBA with the data needed to understand FRMB progress, success, compliance, or other relevant topics. This improves decision-making and fraud risk maturity by providing a solid evidence base to inform fraud risk mitigation processes. Developing rubrics to track performance indicators builds on the initial recommendation step of beginning to track outcome metrics, ensuring increased benefit is reaped from the data.

Once a GRC tool is obtained and programmed, it can further improve the standardization of metric tracking. The GRC tool will also be useful beyond the FRMB. Because there may be overlap in metrics tracked by the FRMB, ERM, and IC functions, a GRC tool has the capability to act as a central source for these metrics, reducing burden and increasing fraud risk mitigation maturity.



Recommendation 2: Establish and standardize a clear feedback loop with program offices throughout the FRA process.

Relevant findings. The program offices interviewed received little or no feedback on their completed FRAs, did not have insight into how the FRA fit into broader SBA fraud risk mitigation processes, and were unaware of the refresh schedule until they were notified their program was required to complete a refresh FRA. Overall, this highlights a missing feedback loop with program offices that have completed FRAs.

Impact: High
Implementation effort:
Moderate

Recommendation. Establish a feedback loop with program offices through the following actions:

- Update the FRA training to cover how FRAs fit into overall SBA processes for fraud risk mitigation and how completed FRAs will be used.
- Update the FRMB member training to standardize the type and format of feedback provided by FRMB members upon FRA review.
- Standardize a follow-up communication with program offices upon acceptance of a completed FRA; this communication (email or meeting) should provide feedback on completed FRAs and inform program offices about next steps (including when a refresh will be scheduled).
- Standardize quarterly communications from the FRMB to all programs that have undergone an FRA; communications should focus on completed fraud risk mitigation activities, relevant findings, and upcoming FRMB activities.
- Develop a method of soliciting feedback from program offices for the FRMB, such as through biannual pulse surveys, during the FRA presentation to the FRMB, or periodic meetings. Program offices should be encouraged to provide feedback on knowledge sharing from the FRMB, the quality of available resources, understanding of how to leverage findings and best practices in their programs, etc.
- Standardize the sharing of best practices and lessons learned from completed FRAs; one method may be through an enhanced fraud risk dashboard (Power BI).

Impact. Creating a feedback loop with program offices meets recommendations from the GAO framework to (1) identify and include program staff who are involved in the FRA process as stakeholders in the fraud risk management process and (2) enable continuous improvement by communicating lessons learned to relevant stakeholders. This improvement also helps prepare the SBA for a future outcome evaluation by improving ratings related to the topics of (1) investment (“Is information available on how the program fits within existing agency strategies such as SBA strategic objectives?”) and (2) program design and implementation.

Recommendation 3: Increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs through ongoing training and communication.

Relevant findings. There is an opportunity to continue to strengthen the fraud risk mitigation knowledge base at the SBA, which could both help achieve the FRMB’s strategic goals and strengthen the SBA’s anti-fraud culture across the agency. In addition to developing a mandatory SBA-wide annual training, there is an opportunity to conduct quarterly communication efforts. Activities could include brown bag sessions,

Impact: Moderate
Implementation effort:
Moderate



webinars, roundtables, memos, job aids, fraud awareness tips in the SBA Daily, and more blurbs with fraud awareness tips.

Recommendation. Increase SBA-wide knowledge and awareness of fraud risk mitigation processes, the FRMB, and FRAs by doing the following:

- Develop an SBA-wide training to be completed annually by SBA staff (*currently in progress*). Ensure this training provides a high-level overview of fraud risk mitigation, including the structure, roles, and responsibilities of relevant entities within the SBA (such as the FRMB, Internal Controls, and Enterprise Risk Management).
- Conduct quarterly SBA-wide communications to improve knowledge of the FRMB and FRAs across the SBA. Topics should include what the FRMB does (and how it can assist program offices), what FRAs are, case studies, lessons learned, and opportunities for continuous improvement in fraud risk mitigation.

Impact. This recommendation will improve SBA-wide awareness of fraud risk best practices, the FRMB's goals and purpose, and the purpose of FRAs. This information may help keep program offices up to date on the SBA's fraud mitigation strategies and improve the quality of future FRAs. In addition, this recommendation emphasizes that fraud awareness, prevention, and reduction is everyone's responsibility. In this way, SBA-wide knowledge sharing also aligns with GAO best practices regarding building a strong anti-fraud organizational culture (framework component: *Commit*) and supporting continuous improvement (framework component: *Evaluate and adapt*).



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Appendix B INTERVIEW GUIDES

SBA Leadership and FRMB Stakeholders Interview Guide

Introduction (5 minutes)

Thank you for taking the time to speak with me today. My name is [NAME], and I am a [POSITION] at Summit Consulting. [INTRODUCE OTHER SUMMIT STAFF ON CALL.]

Summit Consulting has been contracted by the SBA to conduct a formative evaluation of the SBA's Fraud Risk Management Board (FRMB) processes. Our evaluation focuses on understanding:

- How current SBA policies and processes align with best practices in fraud risk prevention, detection, and response;
- Opportunities to improve or reduce pain points in the current Fraud Risk Assessment (FRA) process; and
- Whether FRMB processes are ready for an impact or outcome evaluation to assess fraud mitigation efforts.

To understand these topics, we are conducting interviews with SBA leadership, FRMB stakeholders, and program leadership. Our conversation today will focus on the role of the FRMB, how FRAs are reviewed by the FRMB, and agency culture and strategy around fraud risk prevention.

With your permission, I would like to record our discussion. This recording will only be available to researchers working on this project. The interview findings will be presented in aggregate; the report will not attribute comments to specific individuals, and no personally identifiable information will be shared. Your participation is voluntary, and you can choose not to respond to any question. Do I have your permission to record this interview?

Do you have any questions before we get started?

START RECORDING. So that I have it on the recording, today is [DATE] and the time is [TIME]. This interview is with [RESPONDENT NAME].

Scheduling and conducting FRAs (15 minutes)

Population: Fraud Risk Manager

Let's start out with a few questions about how FRAs are conducted and scheduled. We already talked about this with you back in September, so I'm just going to ask a few questions on this topic.

- The last time we met, you mentioned the four-year schedule for FRAs was in development. Has the schedule been completed or is development still in progress?
 - AS NEEDED:
 - Has it been sent to program offices to enter their target dates for FRA completion?
 - IF YES: Roughly how many program offices have filled it out so far?
 - Has the methodology for identifying which programs to select first been defined?
 - Have the programs which will undergo an FRA in FY 24 been identified?



- From your perspective working with different program offices on their FRAs, are there differences in how FRAs are completed across programs?
 - Are program staff instructed to use any data sources or documents (such as internal or external reports) to inform and support the FRA?
- How are program staff trained to conduct an FRA?
 - How would you assess the effectiveness of the training? Does it meet program staff needs?
- How long does each FRA take to complete?

FRMB review of FRAs (20 minutes)

Population: FRMB members, Fraud Risk Manager

- [Now let's talk about/Let's start with] the FRMB's review of completed FRAs. Can you walk me through that process?
 - Do different FRMB members have different responsibilities in reviewing completed FRAs?
- Have FRMB members received training to support their role reviewing FRAs?
- What materials do you receive to review ahead of time?
 - How far in advance do you receive them?
 - How do these materials inform your review of the completed FRA?
 - Are there additional or other materials that would be useful to receive?
- How do you review the completed FRA?
 - How do you assess the numeric ratings for inherent risk likelihood, inherent risk impact, and control effectiveness?
 - IF NEEDED:
 - What information informs your assessment?
 - Do you receive sufficient information to make this assessment? IF NO, What additional information would be useful?
- What type of follow-up questions do you ask the program staff?
 - If follow-up information or answers are needed after the FRMB meeting, how is that information provided to the FRMB?
- Do you provide feedback on the fraud risks identified, the nature of the risks (inherent versus residual), or the program controls designed to mitigate potential fraud risks?
- What happens after the FRMB review is completed?
 - What information gets communicated back to the program office?
 - Are changes to controls or other program components made based on FRMB feedback?
 - IF YES: Is there a process for following up on changes to controls to see if they're working?
- In your opinion, what is the primary goal of the FRMB's review of a completed FRA?
 - Is the FRMB review process fulfilling that goal?

Population: FRMB Advisory Team

- Can you walk me through the Advisory Team's responsibilities in the FRMB?



- What role does the Advisory Team play in the review of completed FRAs?
 - Do different Advisory Team members have different responsibilities?
- Have Advisory Team members received training to support their role on the FRMB?
- Now let's talk about the FRA review process. What materials does the FRMB receive to review ahead of time?
 - How far in advance does the FRMB receive them?
 - How do these materials inform the review of the completed FRA?
 - Are there additional or other materials that would be useful to receive?
- How does the FRMB review the completed FRA?
 - How does the FRMB assess the numeric ratings for inherent risk likelihood, inherent risk impact, and control effectiveness?
 - IF NEEDED:
 - What information informs this assessment?
 - Does the FRMB receive sufficient information to make this assessment? IF NO, What additional information would be useful?
- What type of follow-up questions does the FRMB ask the program staff?
 - If follow-up information or answers are needed after the FRMB meeting, how is that information provided to the FRMB?
- Does the FRMB provide feedback on the fraud risks identified, the nature of the risks (inherent versus residual), or the program controls designed to mitigate potential fraud risks?
- What happens after the FRMB review is completed?
 - What information gets communicated back to the program office?
 - Are changes to controls or other program components made based on FRMB feedback?
 - IF YES: Is there a process for following up on changes to controls to see if they're working?
- In your opinion, what is the primary goal of the FRMB's review of a completed FRA?
 - Is the FRMB review process fulfilling that goal?

Perspectives on FRA processes (10 minutes)

Population: FRMB Advisory Team, FRMB members, CFO/Deputy CFO/OPPAE Director, CRO, Fraud Risk Manager

- Based on your experience [serving on the FRMB], do the completed FRAs reflect an accurate assessment of fraud risks to agency programs?
 - IF NO:
 - Why not?
 - What is missing?
- In your opinion, how effective are the FRAs at identifying potential fraud risks?
 - How effectively do the FRAs distinguish between inherent risk and residual risk?
- In your opinion, how effective are the controls defined in the FRA for each potential fraud risk?
 - What makes you say [EFFECTIVE RATING]?
- How could the FRAs be improved?



- Are there any challenges or pain points in the FRA process that we haven't already discussed? IF YES: What other challenges or pain points are there?
- What parts of the FRA process are working well?

FRMB processes and overall SBA strategy (25 minutes)

Population: FRMB Advisory Team, FRMB members, CFO/Deputy CFO/OPPAE Director, CRO, SBA legal advisors, ERM Senior Policy Advisor/IC Director

Now I want to talk about how FRMB processes and the FRAs fit into broader strategic goals. Let's start out thinking about all FRMB processes, and then we'll focus in on just the FRAs.

- From your perspective, how do FRMB processes fit into existing SBA strategic objectives?
 - Can you describe how FRMB processes lead to the desired outcome of reducing fraud risk?
 - Is there any documentation (such as a logic model) that defines how these processes lead to the desired outcome of reducing fraud risk?
- **ERM/IC population only:** Can you describe the ERM Board to which the FRMB reports?
 - How does this reporting occur?
 - What are the responsibilities of the FRMB compared to the ERM Board?
 - How does the FRMB support the goals of the ERM Board?
 - How does the ERM Board provide input, feedback, or requests for information to the FRMB?
- **Legal advisors only:** Can you describe how your role fits into SBA's fraud risk mitigation efforts (i.e., at the front end reducing the risk of fraud occurring, or mitigating the impacts of fraud that has already happened)?
- What resources (such as personnel, subject matter expertise, funding, etc.) are allocated within the SBA for the FRMB?
 - Is there alignment between allocated resources and the scope of the FRMB processes and goals? IF NO, Where is the gap/overlap?
- Switching gears to focus just on the FRAs, how do completed FRAs fit into the SBA's internal control processes, ongoing corrective action plans, and audit responses?
- How does the FRA process fit into any existing policies for fraud detection and prevention at the program office level?
 - How does this differ across program offices?
- Are there any resource constraints or other limitations (such as policy changes) that could prevent FRAs accurately identifying and controlling fraud risks as intended?
 - IF YES: What are these constraints, and how could they be mitigated?
- **ERM/IC/CRO population only:** To the best of your knowledge, are changes to controls or other program components made based on FRMB feedback or FRA findings?
 - IF YES: Is there a process for following up on changes to controls to see if they're working?

Metrics (10 minutes)

Population: FRMB members, CFO/Deputy CFO/OPPAE Director, CRO, SBA legal advisors, ERM Senior Policy Advisor/IC Director

- What type of fraud mitigation metrics are currently tracked?
 - Are these at the program, program office, or agency level?



- What type of metrics should be tracked to help the SBA identify or prevent fraud?
- What type of metrics should be tracked to identify whether FRMB goals are met?

Agency culture (5 minutes)

Population: CFO/Deputy CFO/OPPAE Director, CRO, SBA legal advisors, ERM Senior Policy Advisor/IC Director

- How would you describe the culture or attitude toward fraud prevention and mitigation in the SBA offices that you work [with/in]?
 - How does this differ across program offices?
- In your opinion, do program staff have a good awareness of entity fraud control arrangements, including mechanisms for reporting suspected fraud and how to escalate concerns related to fraud risk?
 - How does this differ across program offices?



SBA Program Leadership Interview Guide

Introduction (5 minutes)

Thank you for taking the time to speak with me today. My name is [NAME], and I am a [POSITION] at Summit Consulting. [INTRODUCE OTHER SUMMIT STAFF ON CALL.]

Summit Consulting has been contracted by the SBA to conduct a formative evaluation of the SBA's Fraud Risk Management Board (FRMB) processes. Our evaluation focuses on understanding:

- How current SBA policies and processes align with best practices in fraud risk prevention, detection, and response;
- Opportunities to improve or reduce pain points in the current Fraud Risk Assessment (FRA) process; and
- Whether FRMB processes are ready for an impact or outcome evaluation to assess fraud mitigation efforts.

To understand these topics, we are conducting interviews with program leadership from all programs that have undergone an FRA so far, as well as SBA leadership and FRMB stakeholders.

Our conversation today will focus on the FRA that [PROGRAM] underwent [AND ITS REFRESH]. We'll talk about how [PROGRAM] was selected for an FRA, the training that your team was provided, how that process worked, how it fit into any existing program office policies for fraud detection and prevention, and your suggestions for improvements. Our goal is **not** to assess how well your team conducted an FRA; rather, we want to understand the current FRA process, what support and training your team received to conduct the FRA, and how the process for future FRAs could be improved.

With your permission, I would like to record our discussion. This recording will only be available to researchers working on this project. The interview findings will be presented in aggregate; the report will not attribute comments to specific individuals, and no personally identifiable information will be shared. Your participation is voluntary, and you can choose not to respond to any question. Do I have your permission to record this interview?

Do you have any questions before we get started?

START RECORDING. So that I have it on the recording, today is [DATE] and the time is [TIME]. This interview is with [RESPONDENT NAME].

Preparing for the FRA (10 minutes)

- Before you found out that [PROGRAM] was selected for an FRA, were you and your program staff aware of the SBA's FRA process?
 - IF YES: What did you know about it?
- Were you told why [PROGRAM] was selected for an FRA?
 - IF REFRESH: Were you told why [PROGRAM] was selected for a refresh?
- How did you select the team who would conduct the FRA?

FRA training (10 minutes)



How [was your team/were you] trained to conduct an FRA?

- Who conducted the training?
- What topics did the training cover?
- Did the training meet your needs?
- Was there anything missing from the training?

IF REFRESH:

- Did [you/your team] undergo training again before the refresh?
- Was the refresh training different from the first training? If so, how?

Conducting the FRA (15 minutes)

The next set of questions focus on the process of conducting the FRA, from when [PROGRAM] was selected until the FRMB review.

INTERVIEWER NOTE: For each step, understand roles, responsibilities, and any dependencies.

- First, how long did the entire FRA process take, from the time [PROGRAM] was selected until the FRMB review?
 - Were there any specific steps that took longer than others or caused bottlenecks in the process?

Completing the FRA spreadsheet

- Who filled out the FRA spreadsheet?
 - Did anyone else assist in filling out the spreadsheet?
- Were program staff instructed to use any data sources or documents (such as internal or external reports) to inform and support the FRA?

Identifying and rating fraud risks

- How did [you/your team] identify possible fraud risks to document in the FRA (i.e., based on program experience, past incidents of suspected or actual fraud, or program data)?
 - Did you feel like you had the right training and experience to identify potential fraud risks?
- How easy or difficult was it to provide numeric ratings for the inherent likelihood and inherent impact of potential fraud risks?
 - What made it [easy/difficult]?
 - Are there any resources, training, or support that would have been helpful?

Identifying and rating controls

- How did [you/your team] identify the existing anti-fraud controls for each potential fraud risk?
- How easy or difficult was it to provide a numeric rating for each control's effectiveness?
 - What made it [easy/difficult]?
 - Are there any resources, training, or support that would have been helpful?

Internal review

- Was the completed FRA reviewed internally before submission to the FRMB?

IF YES:



- Who completed this review?
- How was the review done?
- IF REFRESH: Were any parts of the process different for the refresh when compared to the initial FRA?

Other steps

- Are there any other steps in the FRA process we missed? We've talked about selecting the team to conduct the FRA, filling out the spreadsheet (including fraud risks and controls), and reviewing the spreadsheet before submitting to the FRMB.
 - IF YES, What other steps did you take?

FRMB approval and sign-off (10 minutes)

- Were [you/your staff] involved in the FRMB's review of the completed FRA?
IF YES:
 - What materials did you present to the FRMB?
 - How much time was there between completing the FRA and presenting it to the FRMB?
- Can you describe the FRA review conducted during the FRMB meeting?
 - What questions did the FRMB members ask about the completed FRA?
 - Did the FRMB request any additional information or revisions to the FRA spreadsheet?
 - Did the FRMB members provide any feedback on the program controls designed to mitigate potential fraud risks?
- What happened after the FRMB signed off on the completed FRA?
 - What information, if any, was communicated back to the program staff?
 - Were any program improvements or updates identified based on FRA findings or FRMB feedback?
 - Is there a plan to implement any program changes based on the FRA findings?
 - Is there a plan to implement any changes to anti-fraud controls based on the FRA findings?
- IF REFRESH: Were any parts of the process different for the refresh when compared to the initial FRA?

Perspectives on FRA processes (5 minutes)

- Based on your expertise with [PROGRAM], does the completed FRA reflect an accurate assessment of fraud risks to the program?
IF NO:
 - Why not?
 - What is missing?
- In your opinion, what parts of the FRA process went well?
- Were there any challenges or pain points in the FRA process that we haven't already discussed?
 - IF YES: What other challenge or pain points are there?
- How could the FRA process be improved?

Fraud prevention in program offices (5 minutes)

- Does your program office have an existing policy that outlines a process for identifying and cataloguing fraud risks and existing controls?





- Can you describe your office's existing policies?
 - What are the roles and responsibilities of key personnel?
 - How did the FRA process fit into this existing policy?
- What is your understanding of how the FRA process fits into existing processes for fraud prevention and detection (such as the SBA's internal control processes, ongoing corrective action plans, and audit responses)?
- How would you describe the culture or attitude toward fraud prevention and mitigation in your program office?



Appendix C PROCESS MAP

Introduction. This process map depicts the current beginning-to-end workflow (with proposed future-state steps) for the Small Business Administration (SBA) Fraud Risk Management Board (FRMB) processes, including the Fraud Risk Assessment (FRA) process and oversight. The information in this process map is drawn from interviews with all program offices that have completed an FRA, SBA leadership, and FRMB stakeholders as well as a documentation review of relevant FRMB materials.

Document overview. This document contains both the current-state and future-state process maps, shown together in one visualization shown in Figure C-1. The process map depicts the current status of these topics, as well as future-state opportunities to address any gaps in FRMB processes or opportunities for improvement. Future-state changes are represented in the process map in two ways:

-  Changes to processes (such as a new activity) are indicated with a clock icon, defined as “future-state process change” in the process map key in Figure C-1.
-  Changes to materials (such as an addition to the FRA spreadsheet used to complete FRAs) are indicated with a pencil icon in the process map key in Figure C-1.

Process map timing. The processes described in this process map reflect the current processes at the time that data collection was conducted (between December 2023 and March 2024). In the period since data collection finished, the SBA has planned or initiated a number of process updates, many of which align with future-state recommendations presented in this appendix. While process updates that postdate data collection are not included in this process map, they are noted in the evaluation report to provide context for evaluation recommendations. The alignment between these process updates and the process map’s future-state recommendations is a positive development, as it shows that the SBA is already making improvements supported by the findings of this evaluation.

FRA. FRAs are conducted by identifying program fraud risks, identifying controls to mitigate each risk, and determining the residual risk once controls are implemented. Follow-up FRAs designed to ensure controls are implemented and continually evaluated are referred to as “refreshes.” At the time of data collection, two refreshes had been completed. Given lack of data on refreshes (and the fact that the first refresh was completed in 2022), the refresh process is not shown in the current-state process map. However, a defined cadence for conducting refreshes is included as a future-state recommendation.

Metrics. In a related evaluation task, Summit developed metrics of FRMB and FRA success which the SBA should begin tracking. Activities which generate metrics to track are indicated with a ruler icon.

Key roles. The key roles relevant to FRMB processes described in this process map are:

- **The Fraud Risk Manager** coordinates meetings and documents; monitors FRAs; monitors and confirms compliance with the Government Accountability Office (GAO) document *A Framework for Managing Fraud Risks in Federal Programs* to advance the goals and objectives of the SBA Fraud Risk Management Strategic Plan; and provides operational support to the FRMB.
- **FRMB members** are Deputy Associate Administrators (or higher) from across the agency and are responsible for carrying out FRMB activities.
- **The FRMB chair** is a member of the FRMB who supports SBA fraud risk management; communicates the SBA Administrator’s policy objectives; and acts as the point of contact for

fraud risk inquiries made by GAO, Office of Inspector General (OIG), and similar external auditors.

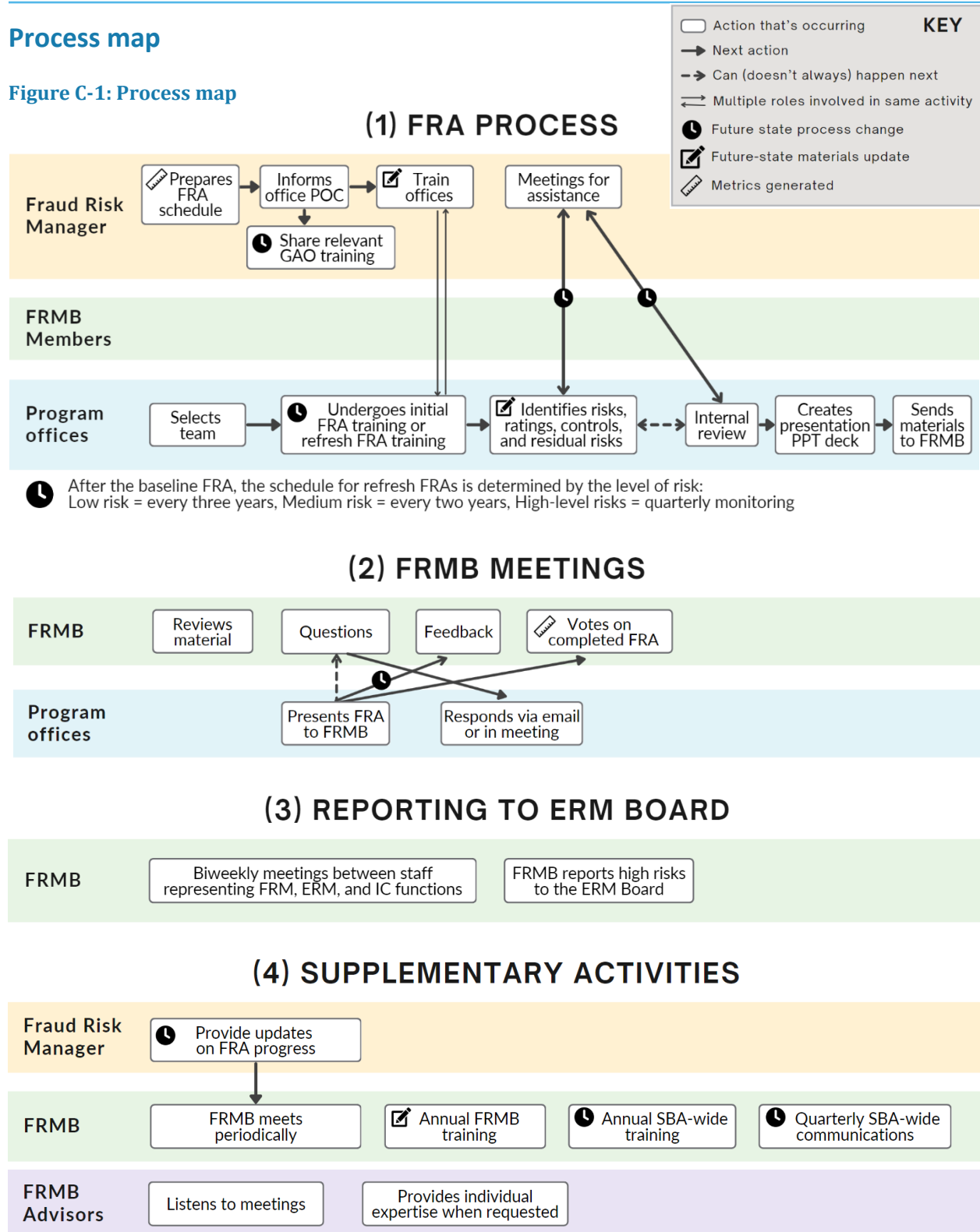
- **The FRMB Advisory Team** of subject matter experts from program and support offices provides expert guidance on a wide range of topics from credit risk management to information security.
- **SBA program offices** collaborate with the FRMB to conduct FRAs.

Constraints. There are three main constraints related to defining the current status of FRMB processes that made identifying a baseline “standard” for how processes occur challenging:

- A limited number of FRMB members completed FRA reviews. Consequently, many of the FRMB members we interviewed could not share information on relevant topics, such as how they conduct their review.
- Given that the first FRAs were conducted in 2021 and busy program offices have conducted this process once (with the exception of the few who have had refresh FRAs already), some respondents had difficulty remembering specific details about the FRA process.
- At the time of data collection, 11 FRAs had been completed, spanning from 2021 through March 2023. In terms of data collection, this represents a low number of data points to identify patterns or process variations.

Process map

Figure C-1: Process map



Appendix D FRMB AND FRA METRICS

Overview

The SBA has established the Fraud Risk Management Board (FRMB) and Fraud Risk Assessment (FRA) process to support oversight of the agency's fraud risk prevention, detection, and response. As part of this effort, the SBA should track and monitor metrics related to both FRMB processes and FRAs to enable continuous improvement of the SBA's fraud mitigation processes and ongoing maturation of SBA fraud risk mitigation efforts. This requires metrics with standardized definitions that are tracked, reported, and shared on a defined, periodic schedule to allow analysis and evaluation over time.

To support this effort, Summit has developed key metrics the SBA should begin tracking. These metrics are descriptive statistics rather than indicators of progress; they should often be assessed in combination with one another to holistically understand FRMB success and opportunities to improve. The metrics in this document represent a starting point to create a baseline; as agency processes continue to mature, the SBA may explore additional or more frequent metric tracking. Because the purpose of the key metrics is to enable data analytics to evaluate the success of FRA and FRMB processes over time, the metrics focus on these processes rather than on individual SBA programs or program offices.

These metrics were developed based on information from a literature review of best practices in fraud risk management; a documentation review of current FRA and FRMB processes; and interviews with SBA leadership, FRMB stakeholders, and SBA program leadership. Draft metrics were workshopped during a participatory data analysis session with FRMB members and stakeholders.

Table D-1 outlines the FRMB strategic goals from the *Fraud Risk Management Board Strategic Plan* (SBA, 2023a). Table D-2 crosswalks the metrics by category to the FRMB strategic goals they align with. While these metrics are not intended to exhaustively evaluate the SBA's success regarding each strategic goal, this approach enables the SBA to measure and understand performance toward the goals and objectives it has set forth, as well as opportunities to further build fraud risk management capacity.

Table D-1: FRMB strategic goals

| Goal Number | Goal Description |
|------------------------------|--|
| FRMB Strategic Goal 1 | Establish governance and tone at the top to sustain the SBA's Fraud Risk Management Program. |
| FRMB Strategic Goal 2 | Establish a process and schedule for conducting FRAs and FRA refreshes to enhance the SBA's fraud risk management efforts across the agency. |
| FRMB Strategic Goal 3 | Create, implement, and sustain effective internal controls to assist in fraud risk mitigation. |
| FRMB Strategic Goal 4 | Identify and investigate fraud and develop effective corrective actions. |
| FRMB Strategic Goal 5 | Conduct comprehensive fraud risk monitoring using data analytics, audit reviews, and news analysis. |
| FRMB Strategic Goal 6 | Ensure the SBA workforce has essential fraud risk knowledge and capabilities. |
| FRMB Strategic Goal 7 | Institute a strong fraud reporting and management process that facilitates information sharing across the SBA and to other federal agencies. |



Table D-2: FRMB strategic goals crosswalk with metrics

| FRA or FRMB | Category | SG 1 | SG 2 | SG 3 | SG 4 | SG 5 | SG 6 | SG 7 |
|-------------|---------------------------------|------|------|------|------|------|------|------|
| FRMB | Training | • | • | | | | • | |
| FRMB | Knowledge sharing and expertise | | | | | | • | • |
| FRMB | Reporting and communication | • | | • | | | | • |
| FRA | FRA schedule | | • | | | | | |
| FRA | Identifying fraud risks | | | • | • | • | | |
| FRA | Internal controls | | | • | • | • | | |

Note: SG = strategic goal.

Next steps for the SBA. As described in the evaluation report, the SBA should begin tracking metrics to create a baseline of information. High-quality, routine tracking of metrics is a crucial tool for assessing program outcomes. Although most of the data discussed below are not currently collected in a standardized way, much is obtainable through current processes.

Frequency. The SBA should begin by tracking each metric annually (although some metrics will require documentation throughout the year to enable calculation of the metric annually). The SBA may assess and update the frequency of metric tracking as fraud mitigation processes continue to mature.

FRMB meetings. The SBA should discuss tracked metrics periodically during FRMB meetings to understand FRMB success and identify areas for changes.

Organization of key metrics. The remainder of this document presents the key metrics; Table D-3 focuses on FRMB metrics, while Table D-4 presents FRA metrics. Each table defines the metric, purpose for tracking, data source, and the FRMB strategic goal(s) the metric aligns with.

FRMB key metrics

Metrics related to FRMB processes are grouped into three categories: (1) training, (2) knowledge sharing and expertise, and (3) reporting and communication.

Table D-3: FRMB key metrics

| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|--|--|---|--|---------------------|
| Training | | | | |
| Percent of employees who completed fraud risk awareness trainings (developed by the FRMB) in the past 12 months. | Percent of employees who have completed FRMB-developed, agencywide fraud risk awareness trainings within the past 12 months. | Track the FRMB's continued efforts to enhance fraud awareness throughout the agency through trainings conducted with SBA employees. | Talent Management Center (TMC), once the training is available. | 6 |
| Average participant rating of agencywide fraud risk awareness training. | Average rating on a five-point scale (from very effective to not at all effective). Ratings should be collected through a follow-up survey with all staff who participated in the agencywide training. | Assess the training's perceived effectiveness in broadening awareness of fraud risks and mitigation across the SBA and determine whether training updates or improvements are needed. | Post-training participant survey fielded through the TMC once the training is implemented. | 6 |



| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|--|---|--|---|---------------------|
| Percent of employees who completed the FRA or refresh training in the past 3 fiscal years. | Percent of employees who have completed the FRA or refresh training in the past 3 fiscal years. | Providing a holistic understanding of FRA training and awareness across the agency. Experience with the FRA process can have benefits for employees' fraud risk understanding more broadly and can teach skills that can be applied within program offices. This metric is one way of understanding how the SBA is empowering staff with the tools and awareness to bring fraud risk mitigation processes into their work. | FRA and refresh training invite responses; requires tracking by the Fraud Risk Manager. | 1, 2, 6 |
| Percent of FRA contributors who attended the FRA training. | Within each program office that completed an FRA or refresh, the percent of FRA contributors that attended the FRA or refresh training conducted by the Fraud Risk Manager. | Assess whether the appropriate staff from each program office are receiving the FRA training and determine whether updating the population invited to the training is necessary. This would require the introduction of a stakeholder register in the FRA spreadsheet (as recommended by Summit) to compare FRA contributors to training attendees. | FRA and refresh training invite responses. Percentage calculated and training attendees documented by the Fraud Risk Manager. | 6 |
| Percent of FRMB members who completed the annual FRMB training. | Percent of FRMB members (new and existing) who completed the annual training for FRMB members; this metric should be 100%. | Ensure that FRMB members have the tools and knowledge to successfully support the FRMB. | FRA and refresh training invite responses; requires tracking by the Fraud Risk Manager. | 1, 6 |



| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|--|--|--|---|---------------------|
| Knowledge sharing and expertise | | | | |
| Number of FRMB educational activities conducted in the past 12 months. | Number of fraud awareness educational activities conducted by the Fraud Risk Manager in the past 12 months, either agencywide or aimed at a specific audience. Activities can include brown bag sessions, webinars, roundtables, job aids, fraud awareness tips in the SBA Daily, and more. | Establish a baseline to understand FRMB efforts in knowledge sharing over time. Enable analytics to assess the types and frequency of educational activities conducted to inform decisions on the development of future activities (including number, frequency, method, and topic). | Requires tracking by the Fraud Risk Manager. | 6 |
| Percent of SBA staff who attended any FRMB educational activities in the past 12 months. | Percent of total SBA staff who attended any fraud awareness activities hosted by the Fraud Risk Manager (such as a brown bag session, webinar, roundtable, etc.) in the past 12 months. The SBA should determine how it defines “SBA staff” for this calculation (i.e., full position count at the SBA or an adjusted number). | Track attendance at educational activities. If the data are available, the SBA could conduct analysis to understand whether some activity types or topics reach more participants, different types of participants (i.e., function), or program office. This information would inform decisions on the development of future activities. | Requires tracking by the Fraud Risk Manager. | 6 |
| Percent of SBA program offices with a dedicated Fraud Risk Officer (or similar role). | Total percent of SBA program offices with a dedicated Fraud Risk Officer or staff member with the appropriate training and designated responsibilities for fraud risk management activities. | Understand the depth of expertise in program offices across the SBA to guide fraud mitigation activities. Identify where there are gaps across the agency and inform future processes toward ensuring all program offices have fraud mitigation capacity. | Data may be available from the Office of Human Resources Solutions. | 6, 7 |



| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|--|--|---|--|---------------------|
| Reporting and communication | | | | |
| Distribution of fraud risk ratings reported to the Enterprise Risk Management (ERM) Board in the past 12 months. | Frequency distribution of medium and high fraud risks that were reported to the ERM Board in the past 12 months. The SBA plans to report high-level risks on a quarterly basis. | Understand the overall landscape of fraud risk across program offices to inform future fraud risk actions within the agency. | Requires tracking by the Fraud Risk Manager. | 7 |
| Number of open fraud-related findings with corrective actions identified by the OIG or GAO. ²⁷ | Total number of open fraud-related findings with corrective actions identified by the OIG or GAO. Progress addressing open findings should be discussed in each FRMB meeting. OIG or GAO findings are considered closed when the SBA responds with the steps taken to address the finding and the OIG or GAO agrees. | Understand the magnitude and level of effort in responding to findings. Enable analytics to identify trends in root causes or corrective actions, which could be an opportunity to identify common support solutions to provide across programs. | Requires tracking by the Fraud Risk Manager from GAO or OIG report and FRMB meeting notes. | 1, 7 |
| Number of next steps identified from the FRMB's review of the annual Internal Controls (IC) audit. | Total number of next steps or action items identified by the FRMB in its review of the annual IC audit results. | Provide a proxy to track the feedback loop between program offices and broader agencywide fraud mitigation processes, encouraging increased communication from the FRMB back to program offices related to fraud risk mitigation activities. Action items could include communicating lessons learned with program offices. | FRMB meeting notes after discussion of the annual IC audit. | 3, 7 |

²⁷ Open GAO recommendations can be found here: [Priority Open Recommendations: Small Business Administration | U.S. GAO](#)



| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|--|--|--|--|---------------------|
| Percent of SBA program offices that receive a follow-up communication after FRAs are complete. | Percent of SBA program offices that have received follow-up communication on next steps after FRA approval from the FRMB. | Monitor FRMB follow-through on FRAs via efforts to increase program office understanding of next steps and how FRAs fit into the broader agencywide objectives. This will improve program office understanding of the value of their work completing FRAs. | Requires tracking by the Fraud Risk Manager. | 7 |
| Percent of SBA program offices that provide feedback to the FRMB after FRA completion. | Percent of program offices that provide feedback to the FRMB after completion of an FRA or refresh. The Fraud Risk Manager should encourage feedback be shared; potential avenues include during a follow-up meeting or at the end of the FRA presentation in the FRMB meeting. Feedback may cover topics on the FRA process such as what went well, lessons learned, pain points, and suggestions for improvements. | Ensure a two-way feedback loop between program offices and the FRMB to identify opportunities for continuous improvement in fraud mitigation processes (including the FRA process). | Requires tracking by the Fraud Risk Manager. | 7 |



| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|--|--|--|---|---------------------|
| Percent of action items from each FRMB meeting that have been completed. | Percent of action items or next steps identified in the FRMB meeting notes that have been completed. | Understand FRMB success and capacity to complete planned actions and assess whether there are any barriers or changes needed to support the FRMB in completing its mission. This ensures a strong tone at the top to sustain the SBA's fraud risk management program. There is also an opportunity to weight action items to ensure high-effort items (such as closing out open OIG findings) have a larger impact on the metric than simple action items (such as sending a follow-up email). | Requires tracking by the Fraud Risk Manager through FRMB meeting notes and the Microsoft Teams Planner. | 1, 7 |

FRA key metrics

Metrics related to FRAs are grouped into three categories: (1) FRA schedule, (2) identifying fraud risks, and (3) internal controls.

Table D-4: FRA key metrics

| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|---|--|--|---|---------------------|
| FRA schedule | | | | |
| Number of FRAs planned for the fiscal year. | Total number of FRAs planned for the fiscal year, including refreshes. | In combination with the other FRA schedule metrics, inform the FRMB's understanding of the capacity to complete FRAs as planned. | <i>SBA 3-Year Fraud Risk Assessment Schedule and Cadence.</i> | 2 |



| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|---|--|--|--|---------------------|
| Percent of planned FRAs completed in the fiscal year. | Total percent of FRAs that have been completed in the fiscal year, including refreshes. Completion is defined as FRMB members voting to approve the submitted FRA. | In combination with the other FRA schedule metrics, inform the FRMB's understanding of the capacity to complete FRAs as planned. If lower than 100%, this may trigger the FRMB to explore barriers to completing FRAs as planned and consider whether changes are needed to the scheduling and planning process. | Calculated from the <i>SBA 3-Year Fraud Risk Assessment Schedule and Cadence</i> and FRMB meeting notes from quarterly FRA review meeting. | 2 |
| Percent of SBA programs that have undergone an FRA or refresh in the past 3 fiscal years. | Percent of SBA programs that have started or completed an FRA or refresh in the past 3 fiscal years (including both ongoing and completed FRAs). | Assess the average recency of FRAs across SBA program offices to holistically understand how current the SBA is in assessing fraud risks, which can demonstrate how well SBA assessments are staying up to date with the ever-changing fraud risk environment. | Calculated from FRMB meeting notes from quarterly FRA review meeting and the Fraud Risk Manager tracking ongoing FRAs. | 2 |
| Identifying fraud risks | | | | |
| Number of identified fraud risks. | Total number of identified fraud risks documented by program offices in completed FRAs and refreshes. | In combination with the next metric, understand the overall scope and severity of fraud risk across the agency. This can inform future fraud risk actions within the agency. | Fraud Risk Library (if kept updated). | 3, 4, 5 |
| Distribution of risk levels. | A frequency distribution of low, medium, and high fraud risks documented by program offices in completed FRAs and refreshes. | In combination with the above metric, understand the overall scope and severity of fraud risk across the agency. This can inform future fraud risk actions within the agency. | Calculated based on the previous metric. | 3, 4, 5 |



| Metric | Description of Metric | Tracking Purpose | Data Source | FRMB Strategic Goal |
|---|--|--|---|---------------------|
| Internal controls | | | | |
| Number of anti-fraud controls. | Total number of anti-fraud controls identified by program offices in the FRAs and refreshes. | Understand the overall scope of anti-fraud controls across the agency. This represents an opportunity to explore patterns and commonalities in anti-fraud controls to determine whether there are resources or trainings that could benefit program offices implementing similar controls. | Fraud Risk Library (if kept updated). | 3 |
| Percent of fraud risks with anti-fraud controls. | The percent of fraud risks with an identified anti-fraud control (should be 100%). | In combination with other internal control metrics, understand overall fraud risk across the SBA and provide insight into any patterns in the type of fraud risks not yet mitigated. | Calculated based on the Fraud Risk Library (if kept updated). | 3 |
| Distribution of residual risk levels. | A frequency distribution of low, medium, and high residual risks. Residual risk ratings are calculated once the associated control is implemented. | Similar to the distribution of risk ratings, provide insight into the overall scope and severity of fraud risk across the agency. Provide insight into any patterns in fraud risk types with high or medium residual risk levels. | Fraud Risk Library (if kept updated). | 3, 5 |
| Number of fraud risk ratings that changed between FRAs. | Total number of fraud risk ratings that have changed between FRAs (whether initial or refresh) across all SBA programs. | Review overall changes in fraud risk levels across the agency to understand how fraud risks change over time. These changes can inform the SBA's understanding of the success of training and communications or identify opportunities to improve. The number itself is not a measurement of success (for example, the number of high-rated risks could increase due to improved training resulting in a more accurate assessment of risks). Therefore, this metric is useful when assessed at the agency level rather than the program level. | Calculated based on the Fraud Risk Library (if kept updated). | 3, 4, 5 |