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SBA Focusing on Fraud, Will Conduct Full-Scale Audit of 8(a) Business Development Program

By: [Michael Flynn](#)

Small Business Administration (SBA) Administrator Loeffler has announced that she has ordered the SBA Office of General Contracting and Business Development to begin a full scale audit of the SBA's Section 8(a) Business Development Program, specifically ordering an audit of government contracting officers who have exercised grant-awarding authority under the SBA's Business Development Program over the last 15 years.

The ordering of the audit follows an investigation that uncovered allegedly massive fraud in USAID programs. Loeffler stated that the USAID fraud "was not an isolated incident," and ordered an investigation into SBA's Business Development Program. In her letter, Loeffler said the USAID scandal "represents a collapse in the very safeguards that are supposed to protect American taxpayer dollars and ensure fair access for legitimate small businesses" and that SBA "will no longer stand by while abuses are perpetrated at the expense of taxpayers and deserving small businesses."

According to Loeffler, the audit will first focus on high-dollar and limited competition contracts within SBA's 8(a) Business Development Program. The findings will be referred to the U.S. Office of Inspector General and the Department of Justice.

According to SBA's website, the Business Development Program allows businesses that participate in the program to "receive training and technical assistance designed to strengthen their ability to compete effectively in the American economy. Also eligible to participate in the 8(a) program are small businesses owned by Alaska Native corporations, Community Development Corporations, Indian tribes, and Native Hawaiian organizations. Small business development is accomplished by providing various forms of management, technical, financial, and procurement assistance.

SBA partners with federal agencies to promote maximum utilization of 8(a) program participants to ensure access to contracting opportunities in the federal marketplace. Once certified, 8(a) program participants are eligible to receive federal contracting and receive training and technical assistance designed to strengthen their ability to compete effectively in the American economy."

Any business which becomes a target of the audit should respond quickly and get the legal protection it needs. And, given SBA's sensitivity to this issue, any business applying for or currently under any SBA loan should be sure it is compliant with all SBA requirements.



Buchalter's White Collar and Investigations Practice Group and its Commercial Finance Practice Group have extensive experience in SBA lending and interactions with the SBA. Feel free to contact any attorneys in those groups to assist with your SBA matters.



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