WILLIAM W. KIRK
INSPECTOR GENERAL
U.S. SMALL BUSINESS ADMINISTRATION

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

U.S. SENATE

APPEARING ON FEBRUARY 25, 2026

Introduction

Chair Ernst, Ranking Member Markey, and distinguished members of the Committee. Thank you for the opportunity to appear before you today. It is an honor to represent the Office of Inspector General (OIG) at the U.S. Small Business Administration (SBA) and the dedicated auditors, law enforcement, analysts, and support professionals who work every day to protect taxpayer dollars and promote integrity across SBA's programs.

SBA OIG operates independently under the Inspector General Act of 1978, as amended. Our mandate is straightforward but consequential: conduct objective oversight, grounded in evidence, to detect and deter fraud, waste, and abuse, and to strengthen SBA program integrity through actionable recommendations and transparent reporting.

While the acute economic phase of the COVID-19 pandemic has passed, oversight has not. The scale and speed of SBA's pandemic response was unprecedented. To avert an economic crisis caused by lockdowns, business closures, and other impediments, SBA disbursed approximately $1.2 trillion in pandemic economic assistance. The response delivered critical relief to millions of legitimate small businesses. It also created opportunities for fraudsters to exploit internal control vulnerabilities. Fraudsters stole identity information, created synthetic identities, and duplicated information to exploit programs meant to help those in need.

Today, I will focus on three areas central to the Committee's oversight responsibilities:

- First, the systemic risks within the 8(a) Business Development Program and the importance of eligibility oversight.
- Second, the underperformance in post-award monitoring within the Restaurant Revitalization Fund (RRF) and Shuttered Venue Operators Grant (SVOG) awards and the recovery of funds that were improperly or fraudulently disbursed.
- Third, the necessity of extending the statute of limitations to 10 years for RRF and SVOG fraud, which would match the statute enacted for the Paycheck Protection Program (PPP) and COVID-19 Economic Injury Disaster Loan (EIDL) fraud.

These issues are interconnected. They all reflect the same underlying principle: when program eligibility is not rigorously verified, when red flags are not fully resolved, or when enforcement timelines are misaligned with investigative realities, the American taxpayer bears the risk.

Our office has continued to identify indicators of potential ineligibility, unresolved fraud flags, and delayed recovery actions in certain pandemic programs. At the same time, we have seen the benefits of strengthened controls, improved interagency data sharing, and enhanced investigative coordination through partnerships, such as with the Pandemic Response Accountability Committee (PRAC).

Oversight is not about revisiting the urgency of 2020. It is about ensuring that the structural lessons from that period translate into stronger controls today and in the future.

Under my leadership, SBA OIG will continue to exercise independent judgment, pursue complex fraud investigations wherever the evidence leads, issue recommendations to strengthen internal controls, and keep this Committee fully informed of risks, corrective actions, and measurable outcomes.

The work ahead requires persistence, the time to investigate potential fraud, and a sustained commitment to integrity. I appreciate the Committee's engagement on these matters and look forward to discussing them in greater detail.

Risk in the 8(a) Business Development Program

The 8(a) Business Development Program was designed to help disadvantaged small business owners gain business skills and access to federal contracting opportunities so they can better compete in the open marketplace. The federal government sets aside contracting opportunities to help small, disadvantaged businesses participate in the federal marketplace, grow and develop expertise, and ultimately strengthen the American economy. As mandated by the Small Business Act, the government-wide goal is to award at least 23 percent of contract dollars to small businesses. The government seeks to award small, disadvantaged businesses, of which 8(a)businesses are included, at least 5 percent of the value of prime and subcontracting awards each year.

The 8(a) program also allows for contracts to be awarded directly to one business with no competitive bidding, a process called sole-sourcing contracts. Alaska Native Corporations, Tribal-owned firms, Native Hawaiian Organizations, and Community Development Corporations that are 8(a) businesses can benefit from unlimited sole-sourced authority.[1] Other 8(a) firms are limited to certain contracting award amounts. Fraudsters can seek to take advantage of these benefits meant to help eligible small businesses owners, which is one of the reasons this program should have strong eligibility controls and ongoing monitoring to ensure benefits are delivered consistent with established criteria.

In prior audit work, OIG identified weaknesses in how the agency tracked and resolved credible eligibility complaints. Where red flags are not consistently addressed, the risk of ineligible participation increases.

SBA has recently initiated its own administrative review of 8(a) participants and

[1] 15 U.S. Code § 637(a) and Federal Acquisition Regulation (FAR) 19.805-1.

required documentation to validate continued eligibility. OIG has independent oversight authority over the program. OIG conducts its work consistent with *Government Auditing Standards* and reports findings and recommendations to the Administrator and Congress upon completion. In our 2026 Oversight Plan, we have planned audit work examining:

- SBA's process for certifying firms' initial 8(a) Program eligibility
- SBA's oversight of entity-owned 8(a) firms and their community benefits reporting

These reviews are focused on whether internal controls and verification procedures are operating effectively and in accordance with applicable requirements. Effective oversight protects legitimate small businesses. When ineligible entities gain access to set-aside contracting opportunities, they do so at the expense of qualified participants.

Pandemic Fraud Landscape and Ongoing Oversight Exposure

The COVID-19 pandemic required an unprecedented federal response. In a compressed timeframe, Congress appropriated and SBA administered approximately $1.2 trillion in economic assistance through multiple relief programs, including the PPP, COVID-19 EIDL, the RRF, and the SVOG.

The urgency of the moment was real. Millions of legitimate small businesses depended on rapid access to relief. At the same time, the scale and speed of deployment created significant fraud and improper payments.

In 2023, SBA OIG estimated that more than $200 billion in potentially fraudulent COVID-19 EIDL and PPP funds were disbursed out of the approximately $1.2 trillion administered by SBA. This represents at least 17 percent of total disbursements in those programs. The fraud was not incidental. It was organized, opportunistic, and in many cases coordinated by fraudsters across multiple programs.

Investigations uncovered:

- Identity theft schemes using stolen Social Security numbers,
- Synthetic business entities created solely to obtain relief funds,
- Organized international fraud rings,
- Layered financial transfers designed to conceal misuse, and
- Cross-program exploitation of eligibility gaps.

Fraudsters exploited weakened front-end verification controls, reliance on self-certification, and limited cross-program data validation during the early phases of implementation.

Congress recognized the magnitude of the potential fraud and extended the statute of limitations to 10 years for PPP and COVID-19 EIDL fraud in 2022. This action acknowledged the reality of complex financial fraud and extended the time available to prosecute individuals who committed fraud.

However, two large pandemic assistance programs remain under shorter statutory limitations: the RRF and the SVOG.

Those programs must be evaluated within the broader fraud landscape.

Restaurant Revitalization Fund and Shuttered Venue Operators Grant

SBA has progressed to reviewing the pandemic assistance grants, which includes the RRF and the SVOG programs. Both programs involved large-scale grant disbursements executed in compressed timeframes, with limited front-end verification controls. As a result, post-award monitoring and recovery efforts are critical to protecting taxpayer funds.

Restaurant Revitalization Fund

The American Rescue Plan Act of 2021 authorized approximately $28.6 billion for the RRF. SBA approved over 100,000 applications during an application window that lasted roughly 10 weeks.

Applications submitted totaled more than $72 billion in requested funding, nearly three times the available appropriation.

The program's design prioritized rapid disbursement to stabilize food service businesses during economic shutdowns. However, the speed of implementation increased vulnerability where verification controls were not consistently applied.

Eligibility Verification Weaknesses

OIG identified significant control deficiencies in SBA's administration of the RRF program. In one limited-scope review, OIG found that 3,790 applications submitted through a point-of-sale vendor partner were processed without validating gross sales, a key control designed to confirm eligibility. The vendor notified SBA that these applications lacked verifiable sales documentation and that 1,056 of the applications showed strong indications of fraud.

SBA took action to prevent approximately $278.4 million from being disbursed to certain applicants. However, $278.6 million had already been disbursed to 2,172 recipients associated with unsupported gross sales. This issue had not been resolved at the time of our review. Until these awards are reviewed and resolved, SBA lacks assurance that those funds were awarded based on verified eligibility.

Cross-Program Fraud Indicators

In another review, OIG identified 33,168 RRF award recipients who also received PPP loans that had been marked as potentially fraudulent or ineligible. These recipients received nearly $10.9 billion in RRF funds. Of these, 656 awards had active indicators requiring review. We found that 210 high-risk awards totaling approximately $160 million were not selected for review after they were awarded. Our recommendations called for review of more than 61,000 RRF awards totaling over $9.5 billion. We also recommended the development of a recovery plan that identified improper payments. SBA has agreed to review a small number of these awards. The agency recently established a policy to recover funds that were deemed an improper payment.

Investigative Activity and Criminal Enforcement

We continue to pursue potential fraud in the RRF program. Some of our recent activities include:

- 680 RRF-related Hotline complaints,
- 23 open investigations involving RRF-related matters,
- 32 individuals charged, and
- 14 individuals convicted.

RRF Investigations involve complex fraud schemes such as:

- False revenue reporting,
- Fabricated tax documentation,
- Identity theft,
- Misuse of grant funds for personal investments, and
- Multi-program fraud spanning the PPP and EIDL programs.

These schemes frequently involve concealment and layered financial transactions that require significant forensic review and coordination with federal prosecutors.

Recently OIG helped investigate a fraudster running an elaborate kickback scheme involving losses of over $700,000 in RRF, PPP, and COVID-19 EIDL funds. The Alabama resident obtained an RRF grant for a purported catering business, used taxpayer funds to purchase a car, and then charged others a fee for submitting false applications on their behalf. The Alabama resident was sentenced to nearly 10 years after pleading guilty to wire fraud and money laundering charges in a scheme that would have stolen over $14 million in SBA pandemic assistance funds if her false applications had been funded.

We have another case of a former Oregon dentist sentenced to nearly 6 years for attempting to steal over $170 million in pandemic aid funds and illegally distributing doses of prescription drugs. He submitted more than 100 fraudulent pandemic relief program applications, including the RRF, using the stolen identities of more than 40 victims. He received and caused SBA to pay out over $11.5 million that he then used to speculate in stocks and cryptocurrency, continuing even after his arrest. One of the identity theft victims reported the crime because she found herself listed in a federal database as having received a $3.4 million RRF grant for a catering business she had never heard of, using her name and an outdated address

Shuttered Venue Operators Grant

The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act authorized $16.25 billion for the SVOG program. SBA ultimately disbursed approximately $14.6 billion to 13,011 awardees, including supplemental awards. Most SVOG recipients had no prior experience with federal grant programs. The eligibility requirements were complex and required careful documentation of revenue loss and venue operations.

Post-Award Monitoring and Eligibility Risks

OIG identified weaknesses in SBA's post-award review process for SVOG awards. We found that:

- 526 SVOG awards, totaling approximately $716 million, had eligibility risk indicators but were not selected for review.
- 47 awards, totaling approximately $22.9 million, were made to ineligible applicants, including recipients who did not meet venue-specific eligibility requirements.

Oversight gaps in the review stage have delayed recovery efforts and increased the risk that improper payments remain unresolved. In fiscal year 2025, SBA issued 309 demand letters to SVOG recipients in an attempt to recoup $540 million in improperly paid funds.

Investigative Activity and Criminal Enforcement

We continue to pursue potential fraud in the SVOG program. Some of our recent activities include:

- 439 SVOG-related Hotline complaints,
- 6 open investigations involving SVOG,
- 4 individuals charged, and
- 2 individuals convicted.

Fraudsters dipped into multiple SBA pandemic assistance programs, so these investigations involve complex financial tracing. One example of this cross-program fraud is a Florida couple who stole over $4.8 million from the SVOG, PPP, and COVID-19 EIDL. This couple submitted 166 false EIDL applications, 20 false PPP loan applications, and 3 false SVOG applications using false tax forms and monthly payroll and expenses in their names and in the names of co-conspirators. The couple pled guilty and were sentenced to 40 months and 24 months in federal prison, respectively.

Structural Lessons from the RRF and SVOG

The high demand and then the large amounts disbursed on a quick timeline created structural vulnerabilities that should be considered in future emergency economic aid assistance programs.

Fraud indicators frequently emerge years after disbursement. Whistleblowers may come forward late. Cross-program data analysis can identify linkages only after sufficient time and aggregation.

Effective oversight depends on:

- Complete review of flagged awards,
- Timely issuance of recovery actions where warranted,
- Strong interagency coordination, and
- Adequate statutory timeframes for enforcement.

The oversight phase of pandemic grant programs remains ongoing. Identification of improper payments is only the first step. Resolutions and recovery must follow.

Extension of the Statue of Limitations for RRF and SVOG Fraud

In 2022, Congress acted on a bipartisan basis to extend the statute of limitations to 10 years for fraud related to the PPP and COVID-19 EIDL. That extension reflected a recognition that pandemic-era fraud schemes were frequently complex, concealed, and time-intensive to investigate. Financial trading, forensic accounting, data aggregation, and interagency coordination require substantial time. In many cases, fraud indicators do not surface until years after funds have been disbursed.

The same realities apply to the RRF and the SVOG programs, which account for about $43 billion in total funding. We have leveraged technology to identify billions of dollars of RRF and SVOG funds that are in need of further scrutiny to confirm indicators of fraud. Our criminal investigators have dashboards available to assist in their investigative efforts.

Both RRF and SVOG were large-scale grant programs disbursed rapidly during an emergency period. Both involved eligibility determinations that relied in part on applicants attesting to or certifying their own eligibility. We have investigated and continue to detect leads on identity theft, falsified documentation, misuse of funds, and cross-program fraud.

The complexity of these cases mirrors the PPP and EIDL. Fraudsters frequently:

- Layer transactions across multiple financial institutions,
- Use nominee accounts or shell entities,
- Co-mingle funds from multiple pandemic programs,
- Delay detection through concealment tactics, and

- Exploit timing gaps in enforcement windows.

Investigations often involve extensive coordination with the U.S. Department of Justice, the Internal Revenue Service Criminal Investigation division, the Department of Homeland Security, the Financial Crimes Enforcement Network, and the PRAC. When concealment and money laundering are involved, investigative timelines extend significantly beyond the initial disbursement date.

Statutes of limitations exist for important reasons. They promote fairness and ensure that prosecutions occur within a reasonable period after alleged misconduct. However, Congress has already recognized that pandemic-era fraud warrants extended timelines due to the scale and complexity of the schemes involved.

Extending the statute of limitations for RRF and SVOG fraud would promote consistency across pandemic programs. It would help ensure the government's ability to pursue recovery of taxpayer funds and reduce the risk that fraudsters evade accountability. Congress can continue to ensure that enforcement tools match the operational realities of these cases.

From a taxpayer protection perspective, alignment promotes fairness across programs of comparable scale and exposure. RRF disbursed approximately $28.6 billion. SVOG disbursed approximately $14.6 billion. The combined exposure exceeds $43 billion in grant funding.

Where significant improper payment risk has been identified, and where investigative caseloads remain active, statutory alignment strengthens the government's position to pursue accountability. Fraud recovery is not immediate. It is iterative, evidence-driven, and often dependent on extended financial analysis. The oversight of pandemic programs continues. Enforcement tools should reflect that reality.

Strengthening Controls, Leveraging Data, and Protecting Taxpayer Investment

The pandemic exposed vulnerabilities in eligibility verification, front-end screening, and post-award monitoring. It also accelerated innovation in fraud detection, interagency data sharing, and analytics-driven oversight. The responsibility now is to institutionalize those lessons.

Internal Control Improvements and Risk Management

Recently, SBA has indicated that it has implemented additional fraud detection frameworks at various stages of loan and grant processing, including account registration screening, post-submission review routines, and pre-disbursement verification. SBA also has stated that it has expanded data-sharing agreements across federal databases, including:

- The Department of Homeland Security's SAVE Program,
- The Social Security Administration's Enterprise Data Exchange Network, and
- The Department of the Treasury's Do Not Pay system.

These tools, when effectively implemented, can reduce improper payments and improve front-end eligibility validation.

However, as an oversight body operating under *Government Auditing Standards*, OIG must independently verify the design and effectiveness of such controls before concluding that risks have been mitigated. Control design alone is not sufficient. Implementation and monitoring determine effectiveness.

We continue to assess internal controls through risk-based audits and compliance reviews, including oversight of SBA's improper payment assessments as required by the Payment Integrity Information Act.

Data Analytics and Technology-Driven Oversight

One of the most significant advancements during pandemic oversight was the integration of data analytics into investigative and audit workflows. OIG's Technology Solutions Division supports:

- Cross-program anomaly detection,
- Identity validation analysis,
- Pattern recognition across loan and grant portfolios,
- Transaction tracing and clustering analysis,
- Integration of external data sources, and
- Interagency collaboration and data matching.

These tools allow us to identify relationships that would not be visible through manual review alone. For example, cross-referencing PPP, EIDL, RRF, and SVOG data sets have revealed overlapping applicant identifiers, shared bank accounts, application inconsistencies across programs, and patterns of coordinated submissions. Data-driven oversight enhances our investigative and auditing work. It reduces false positives and allows for a larger scope and surveys. We can focus our limited investigative and auditing resources on the highest risk cases.

PRAC and Interagency Coordination

Collaboration with the PRAC has strengthened oversight across federal programs. Through shared analytics platforms and coordinated case development, OIG and partner agencies have improved:

- Deconfliction of investigations,
- Financial tracing across jurisdictions,
- Identification of multi-program fraud networks, and

- Referral efficiency to federal prosecutors.

Pandemic fraud frequently crosses agency boundaries. Oversight coordination must do the same.

Return on Investment and Resource Stewardship

Oversight is not only about identifying vulnerabilities. It is about measurable impact. With an annual budget of approximately $37 million in FY 2025, SBA OIG achieved nearly $3.7 billion in monetary accomplishments in that fiscal year. Since the beginning of SBA's pandemic response, OIG has secured more than $17.7 billion in monetary accomplishments through investigative recoveries, forfeitures, fines, and questioned costs. These results reflect a substantial return on investment for taxpayers.

At the same time, our office continues to manage an active caseload of approximately 500 investigations nationwide. Many of these cases involve complex, multi-million-dollar schemes that require sustained forensic analysis and prosecutorial coordination.

Preserving Integrity Going Forward

The vulnerabilities exposed during the pandemic were not isolated to a single program. They revealed structural weaknesses that can emerge whenever speed, scale, and urgency converge. Key lessons to carry forward include:

- Eligibility verification must be documented and validated,
- Self-certification requires cross-check mechanisms to verify eligibility,
- Post-award monitoring and recovery of improper payments must be done in a timely manner,
- Data analytics must be used to promote program integrity during implementation and for reviews, and
- Enforcement timelines must reflect investigative complexity.

Our goal is structural improvement. We will continue to:

- Conduct independent audits and investigations;
- Verify corrective actions before closing recommendations;
- Identify emerging risks across SBA's capital, contracting, and disaster programs;
- Report transparently to the public, Administrator, and the Congress.

Protecting the integrity of SBA programs protects legitimate small businesses and taxpayer interests.

Commitment to Continued Oversight

The scale of SBA's pandemic response was unprecedented. The speed of disbursement was often necessary. The exposure to fraud was significant. Oversight must be equally sustained. Oversight is not episodic. It is continuous.

The vulnerabilities identified during the pandemic were not isolated events. They reflected structural weaknesses in eligibility verification, internal control implementation, and post-award monitoring. We will continue to recommend that SBA address these weaknesses moving forward.

The 8(a) Business Development Program must operate with integrity so that opportunities reach qualified disadvantaged businesses. Pandemic grant programs must be fully reviewed so that unresolved risk indicators are addressed. Enforcement tools must align with investigative realities so that fraudsters do not evade accountability. Extending the statute of limitations for RRF and SVOG would promote consistency, preserve recovery opportunities, and strengthen taxpayer protection.

Under my leadership, this office will remain focused on helping ensure that SBA programs operate with less risk of fraud, waste, and abuse, remaining accountable to the American people.

I welcome the Committee's questions.