



# Small Business Administration's Continuity of Pandemic Program Oversight

March 6, 2025

Since the implementation of COVID-19 pandemic relief programs, Congress has expressed interest in the oversight of these programs. Oversight has been conducted by both the Small Business Administration's (SBA's) Office of the Inspector General (OIG) as well as the [Pandemic Response Accountability Committee \(PRAC\)](#). Congress created PRAC through the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) to conduct and support oversight of the federal government's pandemic response. PRAC is scheduled to sunset on September 30, 2025.

Among Inspectors General [removed from their positions in January](#) was SBA Inspector General (IG) Hannibal "Mike" Ware, sworn in May 24, 2018, following his confirmation by the U.S. Senate during the first Trump Administration. IG Ware's tenure coincided with the initial rollout of SBA's pandemic relief programs, which [have obligated over \\$950 billion](#). For more information about the removal of IGs, see CRS In Focus IF11546, *Removal of Inspectors General: Rules, Practice, and Considerations for Congress*.

Congress may be interested in the continuity of pandemic relief program oversight in light of IG Ware's removal and the forthcoming sunset of PRAC.

## SBA's Pandemic Response

SBA's implemented pandemic relief through various programs including

- the Paycheck Protection Program (PPP), which offered forgivable loans up to \$10 million;
- COVID Economic Injury Disaster Loans (EIDLs), which offered an expanded version of one of SBA's existing disaster loan programs;
- Emergency EIDL Advances, which offered COVID EIDL applicants \$1,000 per employee, up to \$10,000, for use while SBA processed EIDL applications, and which did not require repayment;

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IN12521

- Targeted EIDL Advances and Supplemental Targeted EIDL Advance, which offered \$10,000 and \$5,000 payments, respectively, to COVID EIDL applicants in low-income areas, and which did not require repayment;
- Section 1112 payments, which offered debt relief to small businesses that held pre-pandemic SBA loans;
- the Shuttered Venue Operators Grant (SVOG) program, which offered up to \$10 million for operators of live performance venues; and
- the Restaurant Revitalization Fund (RRF), which offered restaurant and bar owners up to \$5 million per permanent physical location.

For further reading on the SBA's pandemic programs, see CRS Report R47694, *SBA as a Vehicle for Crisis Relief: Lessons from the COVID-19 Pandemic*.

## Pandemic Relief Program Oversight

Since implementation, SBA's OIG has focused substantial resources on the oversight of its pandemic relief programs. According to the SBA OIG, SBA's pandemic relief programs [lacked fraud detection systems](#). Specifically, [the OIG reported](#) in June 2023 that the SBA may have disbursed over \$200 billion in potentially fraudulent loans over the course of the COVID-19 pandemic.

Government-wide pandemic program oversight has also been performed by [PRAC](#). According to [PRAC data on pandemic program spending](#), the SBA is the top pandemic relief spending agency. A [2022 PRAC report](#) noted that the SBA distributed \$343 billion of PPP loans in the first 14 days of the program, noting that the speed of distribution put this money at risk of fraud.

According to 2021 [congressional hearing testimony](#) by Government Accountability Office representative William Shear, "SBA moved quickly on these programs ... [and] initially put limited controls in place, leaving [the] programs susceptible to program integrity issues, improper payments, and fraud." SBA IG Ware also [testified](#) that the SBA's OIG found "rampant fraud" within the [EIDL program](#).

Oversight related to pandemic programs has continued to be a significant part of the SBA's OIG work. The SBA OIG's February 2024 ongoing and planned [audit and review priorities](#) included

- Eligibility and Forgiveness Reviews of Paycheck Protection Program (PPP) Loans Made to Borrowers with Treasury's Do Not Pay Data Matches;
- SBA Guaranty Purchase Process for PPP Loans;
- Eligibility of PPP Loans Exceeding Maximum Size Standards;
- Risks Associated with PPP Loans Processed by Financial Technology (FinTech) Companies;
- COVID-19 Economic Injury Disaster Loan (EIDL) Applicants on the U.S. Treasury's Do Not Pay List;
- SBA's Handling of RRF Awards with PPP Loans Flagged as Potentially Ineligible;
- SBA's Actions to Address Forgiven PPP Loans Flagged as Potentially Ineligible; and
- SBA's Ability to Service the COVID-19 EIDL Portfolio.

PRAC is set to sunset in September 2025, though the committee [urged Congress](#) to sustain PRAC's data analytics functions, the Pandemic Analytics Center of Excellence (PACE), to prevent the loss of "an entity capable of proactively conducting cross-program, cross-agency analysis to help prevent improper payments in high-risk programs."

# Continuity of Pandemic Relief Program Oversight

Congress may be interested in the lessons from SBA's experience with its pandemic relief programs, and in particular, the continued work and capacity of the SBA's OIG as PRAC sunsets. Congress may be interested in the appointment of a new SBA IG, to ensure that it can effectively perform its oversight duties. Additionally, Congress consider options for the continuation of PRAC or certain PRAC activities, to help safeguard the integrity of pandemic relief program oversight.

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