

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

# **SBA's Oversight of the Community Navigator Pilot Program Performance**



**Audit Report**

**Report 24-25**

**September 24, 2024**



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### **NOTICE:**

Pursuant to the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Public Law 117-263, Section 5274, any nongovernmental organizations, and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context as it relates to any specific reference contained herein. Comments must be submitted to [AIGA@sba.gov](mailto:AIGA@sba.gov) within 30 days of the final report issuance date. We request that any comments be no longer than two pages, Section 508 compliant, and free from any proprietary or otherwise sensitive information. The comments may be appended to this report and posted on our public website.



# U.S. Small Business Administration Office of Inspector General

## EXECUTIVE SUMMARY

### SBA's Oversight of the Community Navigator Pilot Program Performance (Report 24-25)

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#### What OIG Reviewed

This report presents the results of our audit of the U.S. Small Business Administration's (SBA) oversight of the Community Navigator Pilot Program (Navigator program). The American Rescue Plan Act of 2021 established the Navigator program and authorized \$100 million to provide technical assistance and pandemic recovery services to underserved small businesses and entrepreneurs. SBA awarded 51 grants, ranging from \$1 million to \$5 million, totaling \$99.9 million. The Navigator program had a 2-year period of performance, from December 1, 2021, through November 30, 2023 though most were approved to continue providing services through May 31, 2024.

Our objectives were to determine whether SBA had effective oversight of the Navigator program to ensure (1) program goals were measured and achieved and (2) grant recipients complied with grant agreement performance requirements.

#### What OIG Found

Opportunities existed for SBA to improve measuring and monitoring. Although program officials established performance measures and program goals, there was no established target for the number of underserved clients to reach through the program. In addition, the absence of pertinent information on the client intake form coupled with data quality issues limited the reliability of performance results.

We also found that while program officials generally monitored the activities of grant recipients, they had limited assurance that recipients who were also resource partners did

not double count performance results. Further, not all changes in participating organizations were approved and listed on SBA's website.

The Navigator program offered the same services to the same types of clients and used the same performance measures as existing programs. By improving measuring and monitoring efforts, SBA can more accurately assess grant recipients' performance and analyze the value of the program and results to better determine whether the \$99.9 million invested in the program served the intended purpose.

#### What OIG Recommended

We made five recommendations, should the Navigator program continue, for SBA to improve measuring program performance, improve the quality of performance data collection efforts, and track partner organizations participating in the program.

#### Agency Response

SBA management agreed with Recommendation 3; partially agreed with Recommendations 1, 2, and 5; and disagreed with Recommendation 4. Management's planned actions resolved Recommendation 5. Specifically, SBA plans to update the programmatic checklist to include a separate question to assess partner organization changes and improve the process for updating the website to ensure changes are reflected. We did not reach resolution on Recommendations 1, 2, 3, and 4. Therefore, we will seek resolution of these recommendations in accordance with our audit follow-up policy.



**OFFICE OF INSPECTOR GENERAL  
U.S. SMALL BUSINESS ADMINISTRATION**

**MEMORANDUM**

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**Date:** September 24, 2024

**To:** Isabella Casillas Guzman  
Administrator

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

A handwritten signature in black ink, appearing to read "H. Ware".

**Subject:** SBA's Oversight of the Community Navigator Pilot Program (Report 24-25)

This report presents the results of our audit of *SBA's Oversight of the Community Navigator Pilot Program*. We considered management comments on the draft of this report when preparing the final report and revised Recommendations 1, 2, and 4. SBA management agreed with one recommendation, partially agreed with three recommendations, and disagreed with one recommendation. Four recommendations are pending resolution.

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

**Cc:** Dilawar Syed, Deputy Administrator, Office of the Administrator  
Arthur Plews, Chief of Staff, Office of the Administrator  
Isabelle James, Deputy Chief of Staff, Office of the Administrator  
Therese Meers, General Counsel, Office of General Counsel  
Aditi Dussault, Acting Associate Administrator, Office of Entrepreneurial Development  
Yvette Collazo Reyes, Deputy Associate Administrator, Office of Entrepreneurial Development  
Katherine Aaby, Chief Financial Officer, Office of the Chief Financial Officer and Associate Administrator for Performance Management  
Deborah Chen, Deputy Chief Financial Officer, Office of the Chief Financial Officer and Associate Administrator for Performance Management  
Anna Maria Calcagno, Director, Office of Program Performance, Analysis, and Evaluation  
Walter B. Hill, Jr., Chief Risk Officer, Office of the Chief Financial Officer and Associate Administrator for Performance Management  
Michael Simmons, Attorney Advisor, Office of General Counsel  
Tonia Butler, Director, Office of Internal Controls

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# Introduction

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Through the American Rescue Plan Act of 2021 (the Act), Congress allocated \$100 million for the Community Navigator Pilot Program (Navigator program) to provide technical assistance and pandemic recovery services to underserved small businesses and entrepreneurs.<sup>1</sup> The focus of the Navigator program was to strengthen outreach and support to underserved small business owners, to include veterans, women, people with disabilities, and those from rural communities and communities of color. The Small Business Administration (SBA) awarded grants ranging from \$1 million to \$5 million to 51 recipients, including private, nonprofit, SBA resource partners, Native American Tribal Organizations, and state and local governments to provide these services. The Navigator program had a 2-year period of performance, with grant recipients performing primarily from December 1, 2021, through November 30, 2023. Most grant recipients requested, and SBA approved, no-cost extensions to continue providing support to small businesses for an additional 6 months. Services provided under this program ended May 31, 2024.

## Navigator Program Design

The Navigator program uses a hub and spoke model<sup>2</sup> approach. Hubs are the grant recipients and are responsible for leading a network of partner organizations to act as spokes to provide outreach and engagement in targeted communities (see Figure 1). As the lead, hubs oversee program operations, they distribute funds to the spokes, and act as intermediaries with SBA if issues arise. Hubs rely on the spokes to provide direct outreach, loans, grants, and pandemic relief assistance application preparation, financial literacy, credit counseling, and access to government contracts and exports to small business owners.

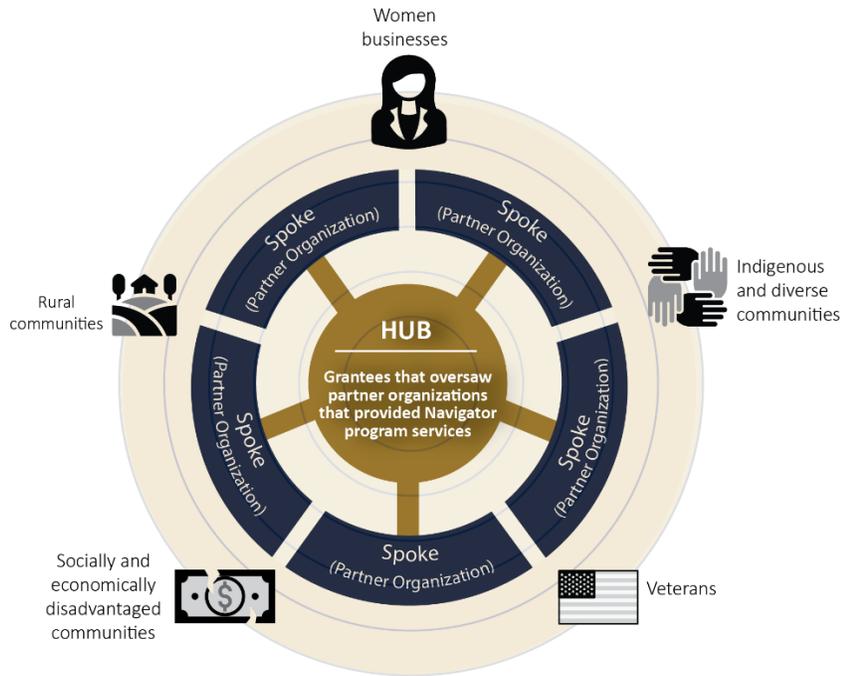
Each hub is required to have a minimum of five spokes. Some hubs are within the same state or county as their spokes while some may serve larger areas. Entities eligible for the award included nonprofits, economic development organizations, Native American tribal organizations, state and local governments, and nonprofit colleges and universities. SBA's existing resource partners such as the Small Business Development Centers (SBDC), Women's Business Centers, SCORE, and Veterans Business Outreach Centers were allowed to participate in the program as either hubs or spokes.

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<sup>1</sup> American Rescue Plan Act of 2021. Pub. L. No. 117-2, §5004(b)(1) (March 11, 2021).

<sup>2</sup> SBA, Community Navigator Program Notice of Funding Opportunity (May 25, 2021).

**Figure 1: Navigator Program Hub and Spoke Model Structure**



Source: OIG analysis of the Hub and Spoke Navigator Model and examples of the clients they are intended to serve

Program officials established three award tiers for applicants to submit proposals for funding. These tiers were based on the range of services, targeted communities, and geographic locations the applicant planned to reach through the program (see Table 1).

**Table 1: Navigator Program Award Tiers**

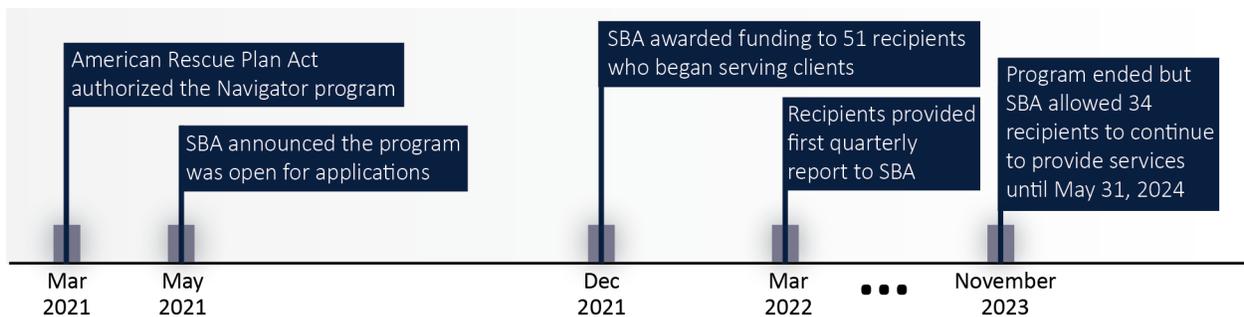
Tier	Maximum Award Amount (in millions)	Tier Requirement
Tier 1	\$5.0	Intended for multi-state projects serving more than 500,000 people.
Tier 2	\$2.5	Projects supporting a state, region, municipality, or city with at least 500,000 people.
Tier 3	\$1.0	Projects supporting a region, municipality, city, or tribal or rural community with fewer than 500,000 people.

Source: OIG analysis of the Navigator program information documented in the Notice of Funding Opportunity

## Navigator Program Administration

SBA’s Office of Entrepreneurial Development (program office) administers the Navigator program. Program officials awarded over \$99.9 million to 51 grant recipients with nearly 450 partner organizations to reach businesses owned by minorities, women, veterans, and other socially and economically disadvantaged entrepreneurs in underserved communities. The grant recipients had from December 1, 2021, through November 30, 2023, to perform on the award. Program officials gave grant recipients an option to receive a no cost extension to perform on the award up to 6 months beyond November 2023. The no-cost extension was granted to 34 of the 51 grant recipients who will continue the Navigator program until May 31, 2024 (see Figure 2).

**Figure 2: Navigator Program Timeline**



*Source:* OIG analysis of the Navigator program period of performance

A program manager is responsible for the overall oversight of the hubs, including monitoring hubs’ compliance with the terms and conditions of the grant. An SBA district office program official, located in the Office of Field Operations, is assigned to each award to assist the program manager in ensuring the recipient complied with the grant requirements. Program officials used the Community Navigator Information Management System to store and monitor data for the Navigator program.

Program officials required grant recipients to use the Community Navigator Pilot Program Client and Program Information Form 3516 (client intake form) to document client participation and activities performed on the award. The client intake form collects client information such as demographics (race, ethnicity, gender, and sexual orientation), geographic location, disability status, language, and military status. Program officials collect this information to monitor program equity and integrity. They intended to use the client intake form to standardize the

performance data collected from the 51 grant recipients to assess how well the Navigator program served different communities.

## Objectives

Our objectives were to determine whether SBA had effective oversight of the Community Navigator Pilot program to ensure (1) program goals were measured and achieved and (2) grant recipients complied with grant agreement performance requirements.

## Results

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We found that opportunities exist for SBA to better measure and monitor the Navigator program. While the services provided under the Navigator program were the same services that SBA's vast network of resource partners also provided, the Navigator program was intended to expand SBA's network and reach customers that had not benefited from SBA programs (see Appendix 2). Specifically, the Navigator program was established to help underserved small business owners and aspiring entrepreneurs access pandemic relief programs and recovery services; however, we were unable to determine if the program reached these small business owners and entrepreneurs as intended. Although program officials established performance measures and goals relative to program outputs and outcomes, there was no established target for the number of underserved clients to reach through the program. Additionally, the absence of critical client information, coupled with data quality issues, limited the reliability of performance results.

We also found program officials could have improved monitoring efforts to ensure grant recipients complied with performance requirements and served small business owners who had not received SBA's services prior to this pilot program. While program officials generally monitored the activities of the 12 grant recipients we reviewed, we found they had limited assurance that recipients who were also resource partners did not double count performance results. Further, program officials were not always aware of partner organization changes; thus, limiting their assurance that Navigator program participants were in areas that expanded SBA's footprint and services to underserved clients.

By not adequately measuring and monitoring the program, SBA missed opportunities to accurately assess grant recipients' performance, analyze the value of the program and results, and maximize the reach of the program. This impacts SBA's and other decision makers' ability to

assess whether the \$99.9 million awarded to the 51 grant recipients served the intended purpose.

## **Finding 1: Measuring Program Impact**

Opportunities exist for SBA to better measure the Navigator program. Program officials established performance measures to track vital information on the number of customers served, types and amount of assistance provided, and key indicators of customers' business growth. Program officials also measured client demographic, business industry, and geographic information to assess whether underserved clients benefited from the program; however, they did not establish a target for reaching a specific number of underserved clients.

In addition, the demographic information on the client intake form was optional, and clients did not always provide a response. Further, we found recipients reported inaccurate and incomplete client data, which resulted in unreliable performance results.

Our analysis of SBA's resource partner programs showed the Navigator program offered the same services to the same types of clients and used the same performance measures as existing programs (see Appendix 2). Absent targets for reaching underserved clients and enforcement of grant recipients' reporting accurate and complete client information, Congress and SBA leaders will be unable to determine if the \$99.9 million awarded served the intended purpose.

### **Establishing Targets for Reaching Underserved Clients**

Federal regulations require agencies to design programs with clear goals and objectives that facilitate the delivery of meaningful results consistent with the federal authorizing legislation of the program.<sup>3</sup> Agencies are also required to provide grant recipients with clear performance goals, indicators, targets, and baseline data.<sup>4</sup>

After the first year of the Navigator program, program officials established measures with targets to evaluate performance towards reaching an intended number of unique clients served, new business starts, and dollar amount of funds clients received. These measures are useful for assessing how the program helped small businesses gain access to funds, counseling, training, and financial literacy assistance.

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<sup>3</sup> 2 C.F.R. §200.202.

<sup>4</sup> 2 C.F.R. §200.301(b).

However, although program officials established measures to identify specific demographic information such as gender, race, ethnicity, veteran status, and disability status to track the types of underserved small businesses and entrepreneurs served through the program, they did not establish targets for these measures at the grant recipient level. Program officials told us the client demographic information collected for the Navigator program was intended to be used to assess how various types of clients benefited from participating in the program.

SBA sets a target for reaching underserved clients at the resource partner network level and reports on the results in SBA's Congressional Budget Justification and Annual Performance Results.<sup>5</sup> By not establishing targets for the underserved clients measure for the Navigator program, program officials missed an opportunity to effectively monitor activities to ensure recipients reached the businesses that Congress intended to serve through this program.

## **Improving Client Data Collection**

Program officials used the client intake form to collect client and program activity information to assess services provided and the reach of the program. The form included prompts to identify clients' attributes such as race, ethnicity, gender, sexual orientation, geographic location, disability status, language spoken, and military status.<sup>6</sup> When program officials designed the form, many of the fields intended to collect information to identify clients as underserved entrepreneurs were made optional to report.

Despite program officials' efforts to collect this pertinent client information, less than half of the clients responded to the question of whether they received prior SBA services. At least 71 percent of the clients provided responses to some of the questions regarding demographics. Most grant recipients we spoke with stated that most clients did not respond or did not feel secure enough to provide their personal information. Because many of the prompts which would have identified the client as an underserved individual were not mandatory, client information was inconsistent. This limited SBA's ability to measure the overall effectiveness of reaching underserved entrepreneurs through the Navigator program.

To enhance the quality of race and ethnicity data collection across the federal government, Office of Management and Budget (OMB) policy states information can be compared across

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<sup>5</sup> SBA's FY 2025 Congressional Budget Justification and FY 2023 Annual Performance Results (March 11, 2024) and the FY 2024 Congressional Budget Justification and FY 2022 Annual Performance Results (March 13, 2023).

<sup>6</sup> [SBA Form 3516 Community Navigators Pilot Program Client and Program Intake Form](#) (April 7, 2022).

federal agencies to gain an understanding of how well federal programs serve a diverse America.<sup>7</sup> To accomplish this, OMB strongly encourages agencies to collect race or ethnicity data through self-reporting, wherever possible. In cases where self-reporting of race or ethnicity is not possible, OMB allows for collecting this data through an individual familiar with the client, using existing records on the individual that contains this information, or through observation identification. Observation identification is when an observer uses his or her best judgment of the most appropriate race or ethnicity categories applicable to the individual. Program officials have an opportunity to improve accuracy and completeness of information on the client intake form to better assess Navigator program outreach if they encourage grant recipients to use some of these approaches when clients have not self-reported.

## **Improving Data Quality to Assess Performance Results**

According to data reported by SBA, the Navigator program surpassed nearly all established performance goals as of November 30, 2023 (see Table 2). However, we found deficiencies with the performance data used to measure program success.

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<sup>7</sup> OMB Statistical Policy Directive No. 15: “Standards for Maintaining, Collecting, and Presenting Federal Data on Race and Ethnicity” (March 2024).

**Table 2. Preliminary Performance Results as of November 2023**

Performance Measures	Target	Actual Performance*	Percent to Target
Number of unique clients that received assistance in the development of their loan, grant, or other applications	41,310	43,640	106%
Number of underserved clients that received assistance through the program	Not established	30,858	-
Dollar (millions) amount request of loan and grant applications completed	\$571,516,824	\$761,708,363	133%
Dollar (millions) amount of loan and grant applications that were approved	\$260,588,979	\$328,460,502	126%
Counseling hours (Includes combined results for the two counseling hour performance measures)	193,052	207,957	108%
Number of training hours	49,728	46,107	93%
Number of clients trained	255,107	414,655	162%
Number of clients receiving approved loans or grants (Includes combined results for the two measures that assess approved funding to clients either starting a business or already in business)	7,783	3,467	45%
Number of jobs created or retained	56,247	298,083	530%
Percent increase of revenue (gross sale dollars)	15%	81%	540%

Note: SBA provided performance results that grant recipients reported in the system as of November 30, 2023. The results reported in this table are preliminary and do not represent the final performance results for the program due to a substantial number of grant recipients that SBA authorized to continue to perform on their awards through May 31, 2024, at no additional cost.

Source: OIG analysis of the Navigator program performance data provided by SBA Program Officials and Navigator program Hubs

Guidance for the Community Navigator Information Management System identified responsibilities for SBA program officials to perform system checks to validate integrity of data that the grant recipients uploaded or manually entered.<sup>8</sup> Program officials told us they performed data cleanups and would alert grant recipients to resolve any errors. However, we judgmentally sampled 12 grant recipients and still found inaccuracies with client data reported in the system for all 12, causing reporting errors. Inaccuracies included misspellings, spacing errors, inconsistency in using capital and lower-case letters, and client data that was entered as not applicable. This posed a problem because program officials stated the system is case sensitive and data entries must be entered the exact same way each time to prevent reporting errors.

Further, because SBA did not reconcile the performance data entered into the system, duplicate client entries were not detected or corrected. As a result, unique client data used to measure the Navigator program performance was incomplete and overstated the number of unique clients served. These data inconsistencies resulted in unreliable data and therefore impacted SBA's ability to measure the overall effectiveness of the Navigator program.

## Recommendations

We recommend the Administrator direct the Associate Administrator for the Office of Entrepreneurial Development:

**Recommendation 1:** Should the Navigator program continue, establish performance targets to assess recipient's progress towards assisting underserved small business owners and entrepreneurs.

**Recommendation 2:** Should the Navigator program continue, enhance guidance for grant recipients to use acceptable methods to collect more complete client information reported to program officials.

**Recommendation 3:** Enhance the data validation procedures to ensure program officials check for accuracy and completeness of the performance data grant recipients upload to the system.

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<sup>8</sup> Community Navigator Information Management Information System Responsible, Accountable, Consulted, Informed Guidance (July 25, 2022).

## **Finding 2: Monitoring Program Performance**

Effective monitoring and oversight practices were critical to ensure the Navigator program expanded SBA's services to underserved small businesses. Program officials monitored the activities of the 12 grant recipients in our sample to ensure they complied with most performance requirements. However, opportunities exist for program officials to monitor SBA resource partners' performance in the Navigator program and changes in participating partner organizations.

We found program officials had limited assurance that Navigator program grant recipients that were also resource partners in other SBA programs, did not double count performance results. Additionally, client data was anonymous and program officials were not always aware of partner organization changes; thus, limiting program officials' assurance that Navigators were in areas that expanded SBA's footprint and services to underserved clients. By improving monitoring efforts, SBA can accurately assess grant recipients' performance, analyze the value of the program and results, and ensure program funds are used properly.

### **Increasing Oversight to Avoid Anonymous Reporting of Client Information**

Although existing SBA resource partners, such as Small Business Development Centers (SBDCs), SCORE, Women Owned Business Centers (WBC), and Veterans Business Outreach Centers (VBOC), were allowed to participate in the Navigator program,<sup>9</sup> grant terms and conditions required that resource partners keep their performance on each program separate. In our sample, 8 of the 12 grant recipients we selected were either an SBA resource partner or had a partner organization that was a resource partner.

SBA resource partners used two systems to report performance results to SBA — one to report Navigator program results and another called the Entrepreneurial Development Management Information System to report resource partner program results. Program officials relied on the resource partners to ensure performance activities were kept separate and not double counted between the programs they simultaneously participated in.

However, program officials told us it was challenging to ensure performance results were not duplicative due to limitations with collecting client data for grant recipients that are also SBDC and WBC program participants. We found that grant recipients replaced critical information such

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<sup>9</sup> American Rescue Plan Act 2021. Pub. L. No. 117-2 §5004 (March 11, 2021).

as client names, address, and contact information with a partner identification number. Program officials told us that privacy data laws prohibited resource partners from releasing client information.<sup>10</sup> Program officials allowed resource partners who also participated in the Navigator program to report performance results with anonymous information. The Navigator program is separate from the SBDC and WBC programs, and although SBA prohibits resource partners from reporting personally identifying client data, this prohibition did not apply to the Navigator program and no similar provision was included in the authorizing legislation for the program.

Program officials estimated that over 85 percent of the client information in the resource partner system is anonymized making it difficult to match clients between the two systems. Because of this limitation, we could not compare client information to determine if grant recipients double counted performance results. Additionally, this limits program officials' ability to ensure that resource partners participating in the program complied with grant requirements to keep the program results separate.

## **Monitoring Partner Organizations**

The Navigator program grant's terms and conditions required grant recipients to obtain prior approval before adding or removing a partner organization. For two grant recipients in our review, we found this process was not always followed.

One grant recipient submitted a request for approval to change one of its partner organizations; however, there was no evidence program officials approved this request. Another grant recipient identified an SBA resource partner as one of their partner organizations. However, according to the resource partner, they had concerns regarding keeping the Navigator program activities separate and apart from their core SBA resource partner activities. Based on these concerns, the grant recipient used another partner organization, but there is no evidence they contacted SBA prior to making this change, as required by the terms and conditions.

On a quarterly basis, program managers were required to complete a checklist to monitor each grant recipient's compliance with the programmatic terms and conditions of the award.<sup>11</sup> The checklist included a three-part question, one of which was to determine whether the grant recipient had changed any partner organizations during the quarter. For both instances identified during our review, the program managers did not indicate in the checklist that the

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<sup>10</sup> Small Business Act. Public L. No. 85-536 §7(A) (December 22, 2023).

<sup>11</sup> Program Manager Quarterly Report Approval and Advance Payment Request Checklist.

partner organizations changed. Program officials could improve consistency in reporting by capturing this important compliance requirement in a separate question on the checklist.

Further, we found SBA's website for the Navigator program was outdated and included partner organizations that were no longer providing Navigator program services because program officials did not always update the Navigator program website page when partner organizations changed.

By not tracking changes to partner organizations, program officials do not have assurance that eligible organizations are providing services to Navigator program customers. Further, a lack of awareness of partner organization changes impacts SBA's ability to ensure the program serves communities that historically have not benefitted from SBA resources. Lastly, maintaining updated website information provides a better opportunity for potential clients to identify appropriate resources to receive assistance.

## Recommendations

We recommend the Administrator direct the Associate Administrator for the Office of Entrepreneurial Development:

**Recommendation 4:** Establish and implement a risk-based process to compare performance results for Navigator program grant recipients and partner organizations that are also SBA resource partners to ensure performance is separate and discrete.

**Recommendation 5:** Should the Navigator program continue, update the programmatic compliance checklist to include a separate step to identify changes in partner organizations and ensure the grant recipient received proper prior approval; and implement procedures to promptly update the public website for approved partner organization changes.

# Evaluation of Agency Response

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SBA management provided formal written comments that are included in their entirety in Appendix 3. In their written response, management agreed with Recommendation 3, partially agreed with Recommendations 1, 2, and 5, and disagreed with Recommendation 4.

Management's planned actions are sufficient to resolve Recommendation 5. However, management's proposed corrective actions do not meet the intent of Recommendations 1, 2, 3, and 4; therefore, we will attempt to resolve these recommendations with SBA management in accordance with our audit follow-up policy.

## Summary of Actions Necessary to Close the Recommendations

The following section summarizes the status of our recommendations and the actions necessary to close them.

### Recommendation 1

Should the Navigator program continue, establish performance targets to assess recipients' progress towards assisting underserved small business owners and entrepreneurs.

#### Status: Unresolved

SBA management partially agreed with the recommendation with two revisions, stating that the recommendation should only apply to a future FY 2025 Navigator program authorized under the American Rescue Plan Act. Management also proposed the recommendation be revised to require SBA to create and report as a standalone Congressional Budget Justification metric the number of unique underserved clients but that it not be used as a performance target to assess individual grant recipients.

Management warned against asking its grantees to provide performance targets related to underserved small business owners because it could be misconstrued as a quota system and would open the door to significant programmatic and legal risks. Management stated that if the program received funding in FY 2025, they planned to continue to report on the "Number of Unique Clients Served in Underserved Communities" in the Congressional Budget Justification as a roll-up measure for all of SBA's entrepreneurial development programs. SBA plans to complete final action by September 30, 2024.

Management's proposed corrective actions do not meet the intent of the recommendation for two reasons. First, SBA management proposed the recommendation only applied to a future FY 2025 Navigator program authorized under the American Rescue Plan Act, however we maintain our position that this recommendation should not be restricted to only FY 2025 should Congress authorize the program to continue. Second, we maintain that performance targets should be used to assess individual grant recipient performance which aligns with federal regulations. Agencies are required to provide grant recipients with clear performance goals, indicators, targets, and baseline data.<sup>12</sup>

SBA established that the focus of the Navigator program was to strengthen outreach and support to underserved small business owners, to include veterans, women, people with disabilities, and those from rural communities and communities of color. Additionally, the Navigator program award's terms and conditions identified several additional underserved populations and SBA has regulatory authority to target specific underserved populations.

By not establishing targets for the underserved clients measure for grant recipients, program officials missed an opportunity to effectively monitor activities to ensure recipients reached the businesses that Congress intended to serve through this program.

In accordance with our audit follow-up policy, we will attempt to reach agreement with SBA management on the unresolved recommendation within 60 days after the date of this final report. If we do not reach agreement, OIG will notify the audit follow-up official.

## **Recommendation 2**

Should the Navigator program continue, enhance guidance for grant recipients to use acceptable methods to collect more complete client information reported to program officials.

### **Status: Unresolved**

SBA management partially agreed with the recommendation with two revisions, stating that the recommendation only applies to a future FY 2025 Navigator program authorized under the American Rescue Plan Act. Management also proposed the recommendation be revised to clarify that data quality improvements are a part of the SBA guidance and not a separate aspect of the recommendation. We revised the recommendation to address this concern.

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<sup>12</sup> 2 C.F.R. §200.301(b).

Management acknowledged the importance of proper guidance and documentation to improve the quality of client information reported to SBA officials. Management stated that program officials provided significant guidance, documentation, training, and ad hoc support to Community Navigators System users on collecting client information and ensuring proper data quality standards. Management further stated that while SBA will ensure it provides adequate guidance, it cannot be responsible for a specific level of quality of data that comes from the public. SBA plans to complete final action by September 30, 2024.

Although management proposed that they would evaluate current data quality guidance and documentation currently used for the Nexus system, Nexus was not used for the Navigator program. Also, their proposed corrective action does not specify how the program office will improve client information collection.

As stated earlier in the report, the Office of Management and Budget provided alternative acceptable methods for collecting information. Program officials have an opportunity to improve accuracy and completeness of information on the client intake form to better assess Navigator program outreach if they encourage grant recipients to use some of these approaches when clients have not self-reported.

Because we believe SBA management does have responsibility for the quality of data used to measure and report program performance, enhancing the guidance to grant recipients will help to improve accuracy and completeness of information provided in the client intake form.

This recommendation is unresolved. In accordance with our audit follow-up policy, we will attempt to reach agreement with SBA management on the unresolved recommendation within 60 days after the date of this final report. If we do not reach agreement, OIG will notify the audit follow-up official.

### **Recommendation 3**

Enhance the data validation procedures to ensure program officials check for accuracy and completeness of the performance data grant recipients upload to the system.

#### **Status: Unresolved**

SBA management agreed with the recommendation. Management stated that the current data management system is Nexus, which is built on the same platform as the Community Navigator Information System. Management stated that the data management systems include automated data validations. Management plans to add an automated report for program officials to manually check outlier data. SBA plans to complete final action by February 2025.

At the time of our review, program officials used the Community Navigator Information Management System to store and monitor data for the Navigator program. While management's planned actions provide a way to validate data in Nexus, it is unclear how these data validation procedures will be used to ensure the accuracy and completeness of Navigator program data. Since we found inconsistencies in the data contained in the Community Navigator Information System, management should verify the accuracy and make corrections to assess the overall effectiveness of the Navigator program.

In accordance with our audit follow-up policy, we will attempt to reach agreement with SBA management on the unresolved recommendation within 60 days after the date of this final report. If we do not reach agreement, OIG will notify the audit follow-up official.

#### **Recommendation 4**

Establish and implement a risk-based process to compare performance results for Navigator program grant recipients and partner organizations that are also SBA resource partners to ensure performance is separate and discrete.

#### **Status: Unresolved**

SBA management did not concur with the recommendation. Management stated they do not believe SBA can legally implement the recommended comparison of performance results due to existing statutory language that limits the data SBA resource partners share with SBA.<sup>13</sup>

We acknowledge that SBA's legal interpretation regarding data sharing for certain resource partners create limitations on receiving complete client data from SBA resource partners and without such data, a comparison of performance results across programs would be difficult to accomplish. Although SBA's legal interpretation of the Small Business Act prohibits resource partners from reporting personally identifying client data, this prohibition did not apply to the Navigator program. Further, no similar provision was included in the authorizing legislation for the program.

Management stated they ensure performance is separate and discrete through other methods such as quarterly programmatic and financial reviews of grant activities. However, we found no evidence of this being done.

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<sup>13</sup> The Small Business Act, 15 U.S.C. 648(a)(7)(A).

We maintain our position that implementing a process to compare performance results will further help to improve SBA's ability to ensure the Navigator program results are reported separate and discrete for grant recipients who perform similar services through SBA's resource partner network. While the client data sets from SBA's resource partners include anonymous client data information, there are common data fields currently collected that could be used to identify potential duplicate records. These potential matches could be further analyzed during quarterly programmatic reviews with the grant recipients. Even though grant recipients are no longer providing services under this program, it's important that SBA analyze the data to ensure that performance results are not duplicated.

In accordance with our audit follow-up policy, we will attempt to reach agreement with SBA management on the unresolved recommendation within 60 days after the date of this final report. If we do not reach agreement, OIG will notify the audit follow-up official.

### **Recommendation 5**

Should the Navigator program continue, update the programmatic compliance checklist to include a separate step to identify changes in partner organizations and ensure the grant recipient received proper prior approval; and implement procedures to promptly update the public website for approved partner organization changes.

### **Status: Resolved**

SBA management partially agreed with the recommendation with one revision, stating that the recommendation only applies to a future FY 2025 Navigator program authorized under the same statute. Should the program continue in FY 2025, management stated they will update the programmatic compliance checklist and include a separate question to assess partner organization changes. Management would also include in its quarterly reporting, a requirement for grant recipients to list all partner organizations on the grant.

Lastly, management stated they worked with a contractor within the Office of the Chief Information Officer to manually update the website with partner organization information. SBA plans to complete final action by September 30, 2024.

Management's proposed actions satisfy the intent of this recommendation to ensure effective monitoring and oversight practices of the Navigator program. This recommendation can be closed when management provides evidence of the following: (1) documented plans to update the programmatic compliance checklist, (2) updates made to the SBA website to reflect partner organization changes, and (3) plans to promptly update the website for partner organization changes.

# Appendix 1: Scope and Methodology

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Our scope of work covered the U.S. Small Business Administration’s (SBA) oversight of the Community Navigator Pilot Program (Navigator program). We reviewed program officials process and procedures for monitoring program performance and grant recipient compliance with the terms and conditions.

To meet our objectives, we reviewed the American Rescue Plan Act of 2021 (the Act), the Community Navigator Pilot Program Notice of Funding Opportunity, the Community Navigator Pilot Program Terms and Conditions and other applicable public laws, federal grant regulations, and other agency guidance related to the SBA’s oversight of the Navigator program.

We judgmentally selected 12 of the 51 grant recipients for review. We interviewed SBA program officials responsible for the oversight of the Navigator performance requirements and program goals. We conducted site visits to one hub and interviewed hub and spoke personnel to gain an understanding of the Navigator program operations, business process flows, controls, and oversight. For the remaining grant recipients in our sample, we conducted virtual interviews and issued questionnaires to both the grant recipient and at least one of the grant recipient’s partner organizations to learn about their roles within the program. We reviewed Navigator program performance results from December 2021 through November 2023.

We conducted this performance audit in accordance with the Government Accountability Office’s *Generally Accepted Government Auditing Standards*. These standards require that we plan and perform audits to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Use of Computer-processed Data

We relied on computer-processed data from SBA’s Community Navigator Information Management System. We observed the functionality of the Navigator program system demonstrated by program officials. We tested the reliability of the data in the Navigator program system by comparing performance data reported in *SBA’s Fiscal Year 2024 Congressional Budget Justification*. As a result, we believe the data was not reliable for the purposes of this audit.

While examining information that supported performance reporting, we identified data integrity issues, including data that was inaccurate, erroneous, and inconsistent. Specifically, the data contained in the system was not consistent with performance reported in *SBA’s Fiscal Year 2024 Congressional Budget Justification*. This was due in part to client names entered inaccurately and inconsistently, thus creating a new unique client each time a specific client was entered under different spellings, additional characters or spaces, or case sensitive changes, which created an overstatement of the number of unique clients served in the program. Additionally, we identified client data submitted anonymously, making it unverifiable. Lastly, because demographic data was voluntary, some data was unavailable to verify for accuracy. We determined that the system data was not sufficient to rely upon to assess the performance of the Navigator program (see Finding 1).

## Assessment of Internal Controls

For this audit, we identified the following internal control components and underlying internal control principles as significant to the audit objectives.

**Table 1-1: Internal Controls**

Internal Control Component	Internal Control Principle
Control activities	<ul style="list-style-type: none"> <li>• Design control activities</li> <li>• Implement control activities</li> </ul>
Information and Communication	<ul style="list-style-type: none"> <li>• Use of quality information</li> <li>• Communicate internally and externally</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Perform monitoring activities</li> </ul>

Source: OIG internal controls analysis

We assessed the operational effectiveness of the internal controls and identified deficiencies we believe could affect SBA’s oversight of the Navigator program. The internal control deficiencies we found are discussed in the “Finding” sections of the report; however, because our review was limited to aspects of these internal control components and underlying principles, the findings may not identify all internal control deficiencies that may have existed when this audit took place.

## **Prior Audit Coverage**

The OIG did not identify any prior audits or reviews related to the objective of this audit.

## Appendix 2: Comparison of the Navigator Program and Existing SBA Resource Partner Programs

SBA has five programs that support the training and counseling needs of small businesses. Our analysis of SBA’s entrepreneurial development programs showed the Navigator program offered the same services to the same type of clients as existing SBA programs. See Table 2-1 for a comparison of SBA’s counseling and training programs.

**Table 2-1: Comparison of the Navigator Program and Existing SBA Resource Partner Programs**

	Navigator program	SCORE	SBDC	WBC	VBOC
Services Provided	<ul style="list-style-type: none"> <li>• Counseling</li> <li>• Training</li> <li>• Loan, grant, and pandemic application assistance</li> <li>• Financial literacy</li> <li>• Credit counseling</li> <li>• Financial assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Mentoring</li> <li>• Training</li> <li>• Free workshops on topics ranging from startup strategies to marketing and finance</li> </ul>	<ul style="list-style-type: none"> <li>• Counseling</li> <li>• Training</li> <li>• Strategic and financial planning</li> <li>• Business development</li> <li>• Cash flow management</li> </ul>	<ul style="list-style-type: none"> <li>• Counseling</li> <li>• Training</li> <li>• Access to capital (funding)</li> </ul>	<ul style="list-style-type: none"> <li>• Business training</li> <li>• Counseling</li> <li>• Resource partner referrals</li> </ul>
Target Audience	<ul style="list-style-type: none"> <li>• COVID-19 affected businesses</li> <li>• Minorities</li> <li>• Women</li> <li>• Veterans, Military, and Spouses</li> <li>• Rural</li> <li>• Socially and economically disadvantaged</li> <li>• Tribal Communities</li> <li>• LGBTQ</li> <li>• Microbusinesses</li> <li>• Disabled</li> </ul>	All entrepreneurs (existing small businesses and aspiring entrepreneurs)	All entrepreneurs (existing small businesses and pre-venture entrepreneurs)	Women	<ul style="list-style-type: none"> <li>• Transitioning service members</li> <li>• Veterans</li> <li>• National Guard</li> <li>• Reserve Service Members</li> <li>• Military Spouses</li> </ul>

	<b>Navigator program</b>	<b>SCORE</b>	<b>SBDC</b>	<b>WBC</b>	<b>VBOC</b>
Performance Measures reported in the FY 2025 Congressional Budget Justification and FY 2023 Annual Performance Report	<ul style="list-style-type: none"> <li>• Number of Unique Clients Served</li> <li>• Number of New Business Starts from Community Navigators</li> <li>• Millions of Dollars of Capital Infusion from Hubs</li> <li>• Number of Clients Receiving Government Contracting Assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Number of Unique SCORE Clients Served</li> <li>• Number of SCORE New Business Starts</li> <li>• Percentage of SCORE Businesses Realizing Revenue Growth</li> </ul>	<ul style="list-style-type: none"> <li>• Number of Unique SBDC Clients Served</li> <li>• Number of New Business Starts from SBDCs</li> <li>• Number of Jobs Supported from SBDCs</li> <li>• Billions of Dollars of Capital Infusion from SBDCs</li> <li>• Average Satisfaction Rate of Entrepreneurs Assisted by SBDCs</li> </ul>	<ul style="list-style-type: none"> <li>• Number of Unique WBC Clients Served</li> <li>• Number of WBC New Business Starts</li> <li>• Number of Transactions to Support Capital Infusion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of New Business Starts from VBOCs</li> <li>• Number of VBOC Clients Served</li> <li>• Number of VBOC Programmatic and Financial Reviews</li> <li>• Number of Boot-2-Business (B2B) Participants Trained</li> <li>• Rate of B2B Participants Using Follow-on SBA Resources</li> </ul>

Source: SBA OIG-generated based on analysis of select SBA’s Entrepreneurial Development programs

## **Appendix 3: Agency Response**

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U.S. Small Business Administration

Response to Report



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, DC 20416

**To:** Hannibal “Mike” Ware  
Inspector General  
U.S. Small Business Administration

**From:** Aditi Dussault  
Acting Associate Administrator, Office of Entrepreneurial Development

**Date:** August 2, 2024

**Subject:** SBA’s Response to SBA’s Office of Inspector General Audit of SBA's Oversight of the Community Navigator Pilot Program Performance (CNPP) (Project 23014)

The SBA’s Office of Inspector General (OIG) conducted an audit of the Community Navigator Pilot Program, which ran from December 1, 2021 through May 31, 2024. The OIG audit began in August of 2023 and OIG shared a draft report in June 2024. The report includes five recommendations across two main findings: three recommendations related to program measurement and two related to program monitoring.

This memo responds to each of the five recommendations and constitutes the Office of Entrepreneurial Development’s (OED) official response. Thanks to the OIG team for their professionalism, engagement and communications regarding the CNPP over the past year.

**Recommendation 1** – *Should the Navigator program continue, establish a performance target to assess recipient’s progress towards assisting an established number of underserved small business owners and entrepreneurs.*

**SBA Response:** SBA partially agrees with this recommendation.

**OED’s Suggested Revision and Proposed Corrective Action Plan**

SBA partially agrees with this recommendation with two revisions: first, that the recommendation only apply to a future FY25 Community Navigators program authorized under the same statute; and second, that SBA create and report as a standalone Congressional Budget Justification (CBJ) metric the number of unique underserved clients, but that it not be used as a performance target to assess individual grant recipients.

OED’s proposed revised recommendation is below:

*Should the Navigator program receive funding in FY25 under the same statute, establish a Congressional Budget Justification metric to assess the program’s standalone assistance of underserved clients (“Number of Unique Clients Served in Underserved Communities”).*

Regarding the first revision: the Community Navigator Pilot Program did not receive additional funding from Congress for FY2024. As of May 31<sup>st</sup>, 2024, the program sunset and grantees are either closed out or undergoing the grant close-out process.

There is a FY2025 budget request for Community Navigators; and if obligated, this would result in a renewal of the program and a new Notice of Funding Opportunity (NOFO). SBA would expect that FY2025 funding would be under the same statutory language from the American Rescue Plan Act, but it cannot guarantee this. Any future iteration of the CNPP program beyond FY2025 would likely be under a different statute, especially considering Sec. 5004(d) of the American Rescue Plan Act of 2021 states:

*(d) Sunset.—The authority of the Administrator to make grants under this section shall terminate on December 31, 2025.*

Since the Agency is beholden to the statutory language, it cannot promise to add in a metric for a future program for which that metric may not be relevant. As such, SBA would of course revisit key metrics to monitor and track for any new program.

Regarding the second revision: there is an important piece of context to address at the outset. Currently, SBA provides an annual combined target and roll-up value as part of the agency’s strategic goal to “Ensure Equitable and Customer-Centric Design and Delivery of Programs to Support Small Businesses and Innovative Startups.” The relevant equity measure under this goal is “Number of Unique Clients Served in Underserved Communities.” While Community Navigators did not have a standalone target for this metric, it reported data as part of this larger roll-up value, which includes targets created based on an initial baseline.

All OED programs will continue to provide a combined target and roll-up value for “Number of Unique Clients Served in Underserved Communities” for the duration of the strategic goal.

SBA’s revision replaces “performance target to assess recipient’s progress” with the specific standalone CBJ metric, which is set by the Agency as opposed to by grantees. This is in line with how all equity-related metrics are treated at the Agency.

SBA warns against asking its grantees to provide performance targets related to underserved small business owners. This situation could be misconstrued as a quota system and would open the door to significant programmatic and legal risks. Further, the data collected to define “underserved” is a voluntary information collection and is inconsistently completed by participants. These voluntary metrics include information on race, ethnicity, gender, military status, disability status, or sexual orientation and other such demographic information. No other SBA Resource Partner grantees create individual performance targets based around this voluntary data.

**Target Action Date:** The guidance document that pertains to SBA’s follow-up action will be completed by September 30, 2024.

**Recommendation 2** – *Should the Navigator program continue, establish guidance for grant recipients to use acceptable methods to collect client information and improve the quality of the information reported to program officials.*

**SBA Response:** SBA partially agrees with this recommendation.

### **OED’s Suggested Revision and Proposed Corrective Action Plan**

SBA partially agrees with this recommendation with two revisions: first, that the recommendation only apply to a future FY25 Community Navigators program authorized under the same statute; and second, to clarify that reporting guidance did exist and that “improve the quality of the information” refers to a goal of said guidance, as opposed to a separate aspect of the recommendation.

Our proposed revised recommendation is below:

*Should the Navigator program receive funding in FY25 under the same statute, ensure that guidance is adequate for grant recipients to use acceptable methods to collect client information and to improve the quality of the information reported to program officials.*

Regarding the first revision: the Community Navigator Pilot Program did not receive additional funding from Congress for FY2024. As of May 31<sup>st</sup>, 2024, the program sunset and grantees are either closed out or undergoing close-out procedures.

There is a FY2025 budget request for Community Navigators: if obligated, this would result in a renewal of the program and a new Notice of Funding Opportunity (NOFO). SBA would expect that FY2025 funding would be under the same statutory language from the American Rescue Plan Act, but it cannot guarantee this. Any future iteration of Navigators beyond FY2025 would likely be under a different statute, especially considering Sec. 5004(d) of the American Rescue Plan Act of 2021 states:

*(d) Sunset.—The authority of the Administrator to make grants under this section shall terminate on December 31, 2025.*

Since the Agency is beholden to the statutory language, it cannot promise to take an action that may not be relevant. However, SBA recognizes the importance of proper guidance and documentation to help grantees with limited experience with Federal grants programs.

Regarding the second revision: OED provided significant guidance, documentation, training, and *ad hoc* support to COMNAVS users on collecting client information and ensuring proper data quality standards. This documentation was shared with OIG as part of the audit. OIG may feel like this guidance needs to be updated or improved, which is why SBA suggests modifying the recommendation from “establish guidance” to “ensure that guidance is adequate.”

The other change in this section is to clear up a minor ambiguity in the recommendation. By replacing “improve” with “to improve”, the recommendation is clear in that data

quality improvement is part of the guidance that SBA provides, not a separate recommendation that the Agency would be beholden to. While SBA will ensure adequate guidance, it cannot be responsible for a specific level of quality of data that comes from the public.

**Target Action Date:** The guidance document that pertains to SBA's follow-up action will be completed by September 30, 2024.

**Recommendation 3** – *Enhance the data validation procedures to ensure program officials check for accuracy and completeness of the performance data grant recipients upload to the system.*

**SBA Response:** SBA agrees with this recommendation.

**OED Proposed Corrective Action Plan**

OED’s current data management system is Nexus, which launched earlier in FY24. Nexus is built on the same platform as COMNAVS, and replaces the previous EDMIS-NG system. All past and present OED data management systems include automated data validations built into the User Interface and the upload process. Sample Nexus Business validations are attached to this memo. When errors are encountered, the end user is presented with an error message or error report, and the error is required to be resolved before the record can proceed through the upload process.

While these automated processes help to check for inaccurate or incomplete data, additional steps can be taken to enhance procedures around data that is in the proper format but may still be inaccurate. Examples of this may be duplicate records or records that contain outliers.

OED will add an automated report for program officials to allow for manual checking of outlier data. This will require some additional development effort and training. We estimate an implementation date at the end of the first quarterly reporting period of FY25 (February 2025). This would allow time to design the procedure, build the report(s), and train program officials.

**Target Action Date:** We anticipate remediation of this recommendation by February 2025.

**Recommendation 4** – *Establish and implement a process to compare performance results for Navigator program grant recipients and partner organizations that are also SBA resource partners to ensure performance is separate and discrete.*

**SBA Response:** SBA does not concur with this recommendation.

**OED’s Reasoning for Non-Concurrence**

The Agency does not believe that it can legally implement the recommended comparison of performance results due to existing statutory language that limits what data SBA Resource Partners share with SBA.

The SBA Resource Partners keep their own data records and share anonymized data to SBA’s central database (Nexus, previously EDMIS-NG), with Personally Identifiable Information (PII) replaced with a system of unique identifiers and keys.

The Resource Partners are bound by the Small Business Act, codified in relevant part at 15 U.S.C. 648(a)(7)(A):

A small business development center, consortium of small business development centers, or contractor or agent of a small business development center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

(i) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

(ii) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a small business development center, but a disclosure under this clause shall be limited to the information necessary for such audit.

This regulation prevents SBA from requiring that Resource Partners to provide this information.

Without de-anonymized information on Resource Partner clients, the SBA is unable to compare performance results across programs in the manner suggested.

OED’s monitoring and compliance work seeks to ensure performance is separate and discrete through other methods as discussed throughout the audit, such as the scoring of grant proposals by technical evaluation panels; the signing of commingling statements detailing other SBA awards by the grantee’s Authorized Organization Representative (AOR); and quarterly programmatic and financial reviews of grant activities.

While the Agency does not concur with this recommendation, it recognizes the utility of a comparison effort should there be a future change in regulation.

**Target Action Date:** N/A

**Recommendation 5** – *Should the Navigator program continue, update the programmatic compliance checklist to include a separate step to identify changes in partner organizations and ensure the grant recipient received proper prior approval; and implement procedures to promptly update the public website for approved partner organization changes.*

**SBA Response:** SBA partially agrees with this recommendation.

**OED’s Suggested Revision and Proposed Corrective Action Plan**

SBA partially agrees with this recommendation with one revision: that the recommendation only apply to a future FY25 Community Navigator program authorized under the same statute.

Our proposed revised recommendation is below:

*Should the Navigator program receive funding in FY25 under the same statute, update the programmatic compliance checklist to include a separate step to identify changes in partner organizations and to ensure the grant recipient received proper prior approval; and implement procedures to promptly update the public website for approved partner organization changes.*

The Community Navigator Pilot Program did not receive additional funding from Congress for FY2024. As of May 31<sup>st</sup>, 2024, the program sunset and grantees are either closed out or undergoing the close-out process.

There is a FY2025 budget request for Community Navigators: and if obligated, this would result in a renewal of the program with a new Notice of Funding Opportunity (NOFO). SBA would expect that FY2025 funding would be under the same statutory language from the American Rescue Plan Act, but it cannot guarantee this. Any future iteration of Navigators beyond FY2025 would likely be under a different statute, especially considering Sec. 5004(d) of the American Rescue Plan Act of 2021 states:

*(d) Sunset.—The authority of the Administrator to make grants under this section shall terminate on December 31, 2025.*

Since the Agency is beholden to the statutory language, it cannot promise to take an action that may not be relevant.

The OIG’s report explains that OED’s programmatic compliance checklist for Community Navigators did include a step to confirm if the grantee needed to submit a consortium change amendment. The need for prior approval for changes to partner organizations is detailed in Section 28 of the Program Specific Terms and Conditions for the Navigators Program.

Box 4 of the checklist under the ‘Quarterly Performance Narrative’ review states the following:

*Is the consortium leveraging the trusted advisors in the Hub and Spoke model to reach underserved communities? Has the consortium changed its Spokes? If so, is there a Consortium Change approval on record?*

Later in the section, Box 10 includes a catch-all for any other amendments:

*Does the narrative indicate a need for any amendment?*

This system ensured that the vast majority of consortium changes resulted in a prior approval request from the grant recipient.

Since Box 4 does include two separate questions, SBA would be happy to separate these into separate questions in a FY2025 Community Navigators program. In addition, SBA would include in its quarterly reporting, a requirement for grantees to list all partner organizations on the grant.

For the ‘Local Assistance’ page on [www.sba.gov/local-assistance](http://www.sba.gov/local-assistance), OED worked with an OCIO contractor to manually update the website with Hub and Spoke information. Grantees provided OED with updates on Spoke addresses, websites, or other pertinent information either through 1:1 meetings with grantees or through a short form. OED routinely aggregated changes and submitted tickets to the OCIO contractor to update the map. In the advent of Navigator’s continuation in FY2025, OED would work with OCIO to see what resources might be available to improve the process and speed with which these changes could be reflected on the website.

Given the fact that around 75% of Community Navigator 1:1 clients had not previously worked with SBA, the vast majority of outreach did not come from the SBA website.

**Target Action Date:** The guidance document that pertains to SBA’s follow-up action will be completed by September 30, 2024.

## **Conclusion and Recommendation to Close:**

The above responses detail SBA’s response to these recommendations and intended next steps. For Recommendations 1, 2, and 5, which begin with ‘*Should the Navigator Program continue...*’, SBA asks that OIG modify these recommendations. Since the pilot program has ended, any new program by Congress will have to be evaluated based on new statutory language. SBA cannot commit to recommendations based on a nonexistent program, and therefore, it is the belief that these recommendations would likely apply to FY2025 funding of Community Navigators under the current statute.

For Recommendation 3, SBA will add additional reports in Nexus for data quality control by the proposed target date of February 2025.

For Recommendation 4, SBA asks that OIG remove this recommendation due to the cited regulation in the Small Business Act, which prohibits the Agency’s ability to implement the recommendation.