REPORT 22-05

Independent Auditors' Report on SBA's FY 2021 Financial Statements

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The Chief Financial Officers Act of 1990, as amended, requires an annual independent audit and report on the U.S. Small Business Administration's (SBA's) consolidated financial statements.

We contracted with the independent certified public accounting firm KPMG LLP to conduct an audit of SBA's consolidated balance sheets as of September 30, 2021, and for 2020 and the related notes to these statements. KPMG was also engaged to audit the consolidated statements of net cost and changes in net position and combined statement of budgetary resources for the year ended September 30, 2020, as well as the related notes to those statements.

In the report, KPMG auditors found significant matters for which they were unable to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion on SBA's consolidated financial statements for the year ended September 30, 2021. Accordingly, KPMG issued a disclaimer of opinion on the consolidated financial statements as of and for the year ended September 30, 2021, and for 2020.

Due to inadequate processes and controls, SBA was unable to provide adequate evidential matter in support of a significant number of transactions and account balances related to the expanded Paycheck Protection and Economic Injury Disaster Loan programs and the newly implemented Restaurant Revitalization and Shuttered Venues Operators Grant programs.

For the year ended September 30, 2021, KPMG identified six material weaknesses and two significant deficiencies in internal controls over financial reporting. We provided a draft of KPMG's audit report to SBA's Acting Chief Financial Officer, who did not concur with the severity of five material weaknesses.

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Owned by: Office of Inspector General

Related Programs: Agency Management

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