

GAO Highlights

Highlights of [GAO-23-105199](#), a report to congressional committees

Why GAO Did This Study

Between April 2021 and July 2022, SBA awarded \$14.6 billion in grants to help arts and entertainment businesses adversely affected by the pandemic. Grantees can use the awards to pay for operating expenses such as payroll, rent or mortgage, and utilities.

The CARES Act includes a provision for GAO to monitor funds provided for the COVID-19 pandemic. Among its objectives, this report examines characteristics of grant applicants and recipients as of December 31, 2021; applicant views of SBA communications; and steps SBA took to identify ineligible and fraudulent applications and manage fraud risks and the extent to which these reflect selected leading practices.

GAO reviewed documents from SBA and analyzed program data as of December 31, 2021 (the most recent grant-level data available at the time of GAO's analysis). GAO surveyed a generalizable sample of grant applicants, and interviewed staff from SBA and six business associations. GAO also tested program eligibility and fraud controls.

What GAO Recommends

GAO recommends that SBA (1) develop a comprehensive strategy for communicating with applicants of future emergency assistance programs, and (2) ensure that post-award monitoring procedures for its Shuttered Venue program specifically address risks the agency identified. SBA partially agreed with the recommendations. GAO continues to maintain that both recommendations are valid.

View [GAO-23-105199](#). For more information, contact William B. Shear at (202) 512-8678 or ShearW@gao.gov.

October 2022

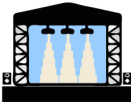





COVID RELIEF

SBA Could Improve Communications and Fraud Risk Monitoring for Its Arts and Entertainment Venues Grant Program

What GAO Found

The Shuttered Venue Operators Grant program was created to financially assist businesses in the performing arts and entertainment industries hard hit by the COVID-19 pandemic. The Small Business Administration (SBA) approved 73 percent of the 17,328 applications it received for the program as of December 31, 2021. Smaller businesses (those with 50 or fewer employees) represented over 90 percent of award recipients. Of the six types of eligible businesses, movie theaters had the highest median award amount (see figure).

Shuttered Venue Operators Grant Recipients and Median Awards, by Eligible Business Type, as of December 31, 2021

	Venues and promoters	Performing arts	Talent representatives	Movie theaters	Theatrical producers	Museums
						
Grantees	4,713	3,295	1,360	1,591	936	804
Median award	\$376,000	\$158,000	\$170,000	\$553,000	\$192,000	\$365,000

Source: GAO analysis of Small Business Administration data. | GAO-23-105199

Most applicants viewed SBA's Shuttered Venue program communications negatively, according to a GAO survey. The agency changed program guidance frequently and the survey estimates that 85 percent of applicants found these changes to be challenging. Customer service was hard to access and did not provide applicant-specific assistance, most survey respondents reported. SBA's existing plans for program communication during emergencies focus on regional loan programs serving all businesses, so they were not well-suited for the Shuttered Venue program, which is a grant program that is national in scope but industry-specific. A more comprehensive communications strategy would better position SBA for future emergency assistance programs, particularly those that may differ from its existing programs.

SBA controls for the application process (pre-award controls to verify identity and eligibility) reflected some leading practices for fraud risk management. For example, SBA designed controls to check applicant information against third-party databases. SBA periodically assessed risks to the program, including fraud risks. The most recent assessment described eight fraud risks, including identity theft. In July 2022, SBA provided GAO with draft procedures for monitoring suspected fraud among Shuttered Venue grant recipients. However, the draft procedures do not specifically discuss all risks identified in SBA's fraud-risk assessments. GAO's fraud risk framework underscores the importance of focusing monitoring resources on identified risks. By ensuring that the program's monitoring efforts are appropriately targeted, SBA would be better positioned to detect and respond to fraud.