



U.S. Small Business Administration

TESTIMONY of

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U.S. Small Business Administration

House Small Business Committee

Subcommittee on Investigations, Oversight, and Regulations

Chairman Kelly, Ranking Member Adams, and other distinguished members of this Committee. Thank you for inviting me here to speak with you today. My name is Joe Loddo. I am the Chief Operating Officer of the US Small Business Administration (SBA). I am here to today to discuss the SBA's process for writing, reviewing, and updating Standard Operating Procedures (SOPs). SOPs are used to issue Agency policy, the procedures for carrying out Agency policy, the assignment of responsibility for duties, and other purposes.

SOPs are official written communications that initiate or govern action, conduct, procedure or policy, or relay information to multiple parties, inside or outside the Agency. As the COO, the responsibility for maintaining Agency records, including SOPs, falls under my purview. SBA has a strong Directives Management system, which controls the issuance, revision and cancellation of all Agency SOPs.

SOPs are essential guiding documents at the SBA. The SOPs serve as the policies and procedures for both customer facing and internal operations. They provide the guidance necessary to make decisions and ensure compliance with relevant regulations and statutes. The Administrator approves and signs all SOPs.

In FY 2015, GAO recommended that SBA should set time frames for periodically reviewing and updating its SOPs as appropriate. Further, GAO found that a number of our SOPs were outdated and did not reflect program and operational changes. At the time, SBA noted that 74 of our 165 SOPs needed to be revised; 31 needed to be cancelled; and 60 required no revision. An additional 9 new SOPs needed to be issued.

To be responsive to GAO, and to comply with our internal annual SOP certification requirement, SBA program offices have undertaken a complete review of all SOPs and we have implemented a process to ensure that all are updated in a timely fashion. A cross-sectional team was created to review and revise our written procedures (known as our "SOP on SOPs") for issuing and maintaining agency directives, including SOPs. The Office of Inspector General reviewed the revision, as did all SBA program offices. The revised procedures were issued on August 26, 2016.

Since becoming COO in January 2017, I have mandated a consistent process for updating, revising, or cancelling SOPs. In the past 10 months, 13 SOPs have been revised, 1 has been canceled, and 4 new ones have been created. We continue to work to ensure that our guidance documents are always up to date, and I am committed to meeting that objective.

Currently, the head of each office is required to annually certify in writing as to the status of current SOPs issued by his/her office. The office head is required to review the relevant SOPs and certify to me, for each SOP, that the SOP: (a) does not require any revision; (b) is currently being revised; or (c) is being canceled. If the SOP is to be revised or canceled, the office head must provide an expected completion date. I hold each office accountable to this timeline.

During the annual certification in January 2016, program offices identified 19 SOPs that were obsolete and 25 SOPs that needed significant revisions. All 44 have been either revised or retired since the end of FY 2016. Going forward, program offices that identify SOPs as needing revision will be required to report on the status of that revision. Either through revision, consolidation or cancellation, SBA has reduced its number of SOPs from the GAO reported 165 to the current 148.

All new or revised SOPs must follow the SBA's clearance procedures – with the Administrator approving all new or significantly revised SOPs. Prior to presentation to the Administrator, all such documents are cleared concurrently by at least five mandatory clearing offices (including the Office of General Counsel, the Office of the Chief Financial Officer and my office) and any affected program offices. We encourage pre-vetting among the affected program offices and the Office of General Counsel. It is through the pre-vetting and clearance processes that authorities for the SOPs are identified and compliance ensured.

SBA takes its records management and SOP process very seriously. Efficient and effective program delivery cannot happen without an organized method of documenting policies and procedures. Administrator McMahan is holding every senior manager accountable for results and expects to see them. I fully support and share her view. Thank you very much for the invitation to testify and I welcome your questions.