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Government Contracts Update

December 2025

SBA Requires Significant Documentation From 8(a) Contractors as Part of Program Audit

Key Notes:

- SBA initiated an unprecedented audit of its 8(a) Business Development Program following allegations of widespread fraud.
- The audit now encompasses all 8(a) firms, which are required to provide significant and voluminous accounting and related documents by January 5, 2026.
- Contractors who don't comply risk potential program ineligibility as well as suspension, debarment, or false claims litigation.

On June 27, the U.S. Small Business Administration (SBA) announced in a news release that it was launching a "full-scale audit" of its entire 8(a) Business Development Program. In the days since the audit began, SBA and other agencies, including the Treasury Department, have been increasingly vocal about the perception that the program is a vehicle for "rampant abuse and fraud." SBA initially explained that its audit would begin with a focus on high-dollar, limited-competition and sole-source contracts; however, it seemingly has expanded its audit to cover the entire program.

On December 5, SBA issued another news release confirming that it had sent data call letters to all 8(a) participants – approximately 4,300 firms. According to the letter, *every firm* must now submit a comprehensive set of financial, contract, payroll, employment, vendor, and subcontracting records covering the past three full fiscal years. All information must be uploaded to the MySBACertifications portal by **January 5, 2026**.

The importance of responding to this request cannot be overstated. Every firm that received the data call letter should timely respond and provide all requested information to the extent applicable.

What Is SBA Asking For?

SBA requires each 8(a) firm to provide the following documents:

- General ledger for the last three full fiscal years (CSV only)
- Trial balance as of each of the last three fiscal year-ends (CSV only)
- IRS Form 4506 for the last three years (PDF only)
- Bank statements for all accounts as of the last day of each fiscal year (PDF only)
- Bank reconciliations as of the last day of each fiscal year (PDF only)
- Monthly payroll registers and reconciliations, including any owner distributions, for the past three years (PDF only)
- A list of all employees broken out by the contracts they serviced during the last three years (PDF only)
- A list of all vendors and any joint ventures used during that period (PDF only)
- Copies of all 8(a) prime contracts performed during the last three years (PDF only)
- All subcontracting agreements related to those contracts (PDF only)
- Year-end financial statements for each year, including balance sheet, year-to-date profit and loss statement, cash flow statement, and statement of equity (CSV only)
- A financial reconciliation of those statements to the year-end trial balance for each year (CSV only)
- A sub-ledger schedule for each fiscal year covering accounts receivable, accounts payable, and all profit and loss accounts (CSV only)

SBA noted that firms do *not* need to resubmit any documents already provided through routine annual reporting; however, given the severity of the allegations underpinning the ongoing 8(a) program audit and the threatened consequences for noncompliance, erring on the side of disclosure, even if duplicative with the annual review process, is strongly recommended. Again, SBA has indicated that failure to meet the deadline could result in loss of 8(a) eligibility or lead to "further investigative or remedial action."

Why Every 8(a) Firm Must Take this Request Seriously

SBA's statements regarding alleged abuses of the 8(a) program signal that this is a very serious matter and contractors would do well to treat it as such. This is underscored by the fact that the letter was issued by SBA's Office of General Counsel (OGC), rather than its Office of Government Contracting & Business Development (GCBD), which administers the 8(a) program. SBA OGC's involvement means that this is about more than continuing program eligibility. SBA is looking at information regarding contract-level compliance and will be examining data that extends well beyond what is collected in initial 8(a) applications and annual reviews. OGC's involvement also underscores the severity of the potential consequences for failing to respond or for any potential noncompliance evidenced in the submitted data. While GCBD might seek termination of 8(a) contracts and suspend a contractor from participating in the program, OGC's remedies would extend to seeking suspension and debarment, referring matters to the Department of Justice for potential False Claims Act litigation, or similarly existential consequences.

This audit affects every 8(a) contractor, even those who have always operated in full compliance. SBA is reviewing a long history of contract activity, with special attention on high-value and limited-competition awards. This means that many firms may face closer scrutiny simply based on the sizes and types of contracts they have received, particularly those that have a history of receiving sole-source contracts.

The documentation request is extensive. Compliance will require firms to gather and organize records that span several years and may involve multiple entities or joint ventures. For most contractors, the use of an outside accountant or consultant may be unavoidable and, in fact, should strongly be considered because even where there is no wrongdoing, SBA could view missing or disorganized records alone as evidence of noncompliance.

This likely is the most significant compliance review in the history of the 8(a) program and the viability of the program itself could very well be at stake. While firms with complete records and a well-prepared submission might be better positioned, there is still uncertainty as to how this unprecedented process will unfold. What is clear is SBA's warning that noncompliance may affect program eligibility. Every participant should take these requests extremely seriously and respond with care.

Our Team Can Help

No matter how experienced a contractor is or how long they have participated in the 8(a) program, working with knowledgeable counsel is essential, especially with SBA's January 5, 2026, deadline looming. Our team can help contractors develop submission plans, work alongside accountants and consultants to prepare complete and well-organized responses, and review collected documents for any actual or perceived noncompliance risk.

FOR MORE INFORMATION

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