



# Audit Report



OIG-22-023

## CORONAVIRUS DISEASE 2019 PANDEMIC RELIEF PROGRAMS

### Audit of the Community Development Financial Institutions Fund's Implementation of the CDFI Rapid Response Program

December 21, 2021

Office of Inspector General  
Department of the Treasury

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## Abbreviations

AAT	Application Assessment Tool
AMIS	Awards Management Information System
CAA, 2021	Consolidated Appropriations Act, 2021
CCME	Office of Certification, Compliance Monitoring, and Evaluation
CDFI	Community Development Financial Institutions
CDFI RRP	CDFI Rapid Response Program
COVID-19	Coronavirus Disease 2019
DUNS	Dun and Bradstreet Data Universal Numbering System
FA	Financial Assistance

FY	Fiscal Year
GAO	Government Accountability Office
Green Book	<i>Standards for Internal Control in the Federal Government</i>
NACA	Native American CDFI Assistance Program
NMTC	New Markets Tax Credits
NOFA	Notice of Funding Availability
OIG	Treasury Office of Inspector General
OMB	Office of Management and Budget
PRA	Paperwork Reduction Act
SAM	System for Award Management
SOP	Standard Operating Procedures
TA	Technical Assistance
Treasury	Department of the Treasury
UEI	Unique Entity Identifier
Uniform Guidance	<i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200</i>



# Audit Report

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December 21, 2021

Jodie L. Harris  
Director of the Community Development Financial Institutions Fund

This report presents the results of our audit of the Community Development Financial Institutions (CDFI) Fund's implementation of the CDFI Rapid Response Program (CDFI RRP). Title V, Subtitle B in Division N of the *Consolidated Appropriations Act, 2021*<sup>1</sup> (CAA, 2021) authorized the CDFI Fund to provide emergency support to CDFIs<sup>2</sup> and communities responding to the economic impact of the Coronavirus Disease 2019 (COVID-19) pandemic. Furthermore, the Department of the Treasury's (Treasury) Office of Inspector General (OIG) is required to submit a report twice a year to Congress<sup>3</sup> and Treasury on the oversight provided for the programs established under Subtitle B, including any recommendations for improvement. In accordance with this mandate, we conducted this audit.

The objective of our audit was to assess the CDFI Fund's implementation activities, including making CDFI RRP funds available, and establishing policies, procedures, and other program guidance and documentation. As it relates to our audit objective, funds available indicates the announcement of a funding opportunity advertising the CDFI RRP to the public. The scope of our audit included, but was not limited to, reviewing (1) CDFI RRP

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<sup>1</sup> P.L. 116-260 (December 27, 2020).

<sup>2</sup> A CDFI must have the primary mission of promoting community development. The CDFI Fund will consider whether the activities of the entity are purposefully directed toward improving the social and/or economic conditions of underserved people (which may include low-income persons or persons who lack adequate access to capital and/or financial services) and/or residents of economically distressed communities.

<sup>3</sup> The committees of Congress named under Subtitle B include the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

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Application requirements; (2) the Notice of Funds Availability (NOFA);<sup>4</sup> (3) CDFI RRP policies and procedures; (4) award terms and conditions included in the *CDFI RRP Assistance Agreement*<sup>5</sup> (Assistance Agreement) template; and (5) other documentation governing the CDFI Fund’s administration of the CDFI RRP. Our audit scope included CDFI Fund’s activities related to the design and implementation of the CDFI RRP, from December 27, 2020, through June 15, 2021. Our audit scope did not include testing operating effectiveness of the CDFI Fund’s CDFI RRP implementation activities, and as such, we did not review CDFI RRP Applications to determine whether the CDFI Fund approved them in accordance with the CAA, 2021 and policies and procedures it established for the program.

To accomplish our audit objective, we reviewed applicable Federal laws, regulations, and guidance; reviewed CDFI Fund documentation related to the establishment and implementation of the CDFI RRP; interviewed CDFI Fund personnel; selected a non-statistical sample of CDFI RRP Applications to review; and conducted a walkthrough of the CDFI Fund’s process for evaluating CDFI RRP Applications and making award determinations. We conducted our audit fieldwork remotely, due to the COVID-19 pandemic, between April and June 2021. Appendix 1 contains a more detailed description of our objective, scope, and methodology.

## Results in Brief

The CDFI Fund management took prompt actions to provide emergency funding to CDFIs to respond to economic challenges that resulted from the COVID-19 pandemic. The CDFI Fund made appropriated funds available on February 25, 2021, meeting the mandated deadline of no later than 60 days after enactment of the CAA, 2021 on December 27, 2020. CDFI Fund management

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<sup>4</sup> The NOFA is a Federal agency’s formal announcement of the availability of Federal funding through a financial assistance program.

<sup>5</sup> The Assistance Agreement is a legally binding contract between the CDFI Fund and the recipient. It contains the following key components: annual reporting requirements and associated deadlines; performance goals and measures; authorized activities for award funds; general award terms and conditions; and schedules for other forms of award, as applicable.

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followed the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200* (Uniform Guidance)<sup>6</sup> to make the funds available and design the framework for a program that could comply with the CAA, 2021.

The CDFI Fund established internal controls over the CDFI RRP in accordance with the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (Green Book)<sup>7</sup> to include (1) a process for CDFIs to apply for CDFI RRP awards conforming to the CAA, 2021; and (2) a CDFI RRP Application evaluation process (including award determinations) to meet the legislative requirements. The CDFI RRP Application evaluation process also complied with the Uniform Guidance.

Furthermore, the CDFI Fund established performance goals and developed the Assistance Agreement template for the CDFI RRP that included general terms and conditions in accordance with the Uniform Guidance. However, we found the Assistance Agreement template was missing the "Award Term and Condition for Recipient Integrity and Performance Matters"<sup>8</sup> in the terms and conditions of award as detailed in Finding 1. CDFI Fund officials noted the discrepancy and revised the Assistance Agreement template to include this award term and condition on June 11, 2021, before awarding any CDFI RRP grants on June 15, 2021.

If the CDFI Fund had not revised its Assistance Agreement template to include the "Award Term and Condition for Recipient Integrity and Performance Matters," CDFI RRP award recipients would have been at risk of noncompliance with the Uniform Guidance. As such, we recommend the Director of the CDFI Fund ensures reviews of all other CDFI Fund Assistance Agreements are performed to confirm that the "Award Term and Condition for

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<sup>6</sup> The Uniform Guidance is an authoritative set of rules and requirements for Federal awards.

<sup>7</sup> The Green Book sets the standards for an effective internal control system for Federal agencies and provides the overall framework for designing, implementing, and operating an effective internal control system.

<sup>8</sup> The award term requires Federal award recipients to semi-annually report information on civil, criminal, or administrative proceedings in the Federal Awardee Performance Integrity Information System if the total value of the recipient's currently active Federal grants, cooperative agreements, and contracts from all Federal awarding agencies exceed \$10 million within the award performance period. It is a statutory requirement under Section 872 of P. L. 110-417 (October 2008).

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Recipient Integrity and Performance Matters” has been incorporated.

In a written response included as appendix 2, CDFI Fund management concurred with our audit recommendation and stated that the CDFI RRP Assistance Agreement template was revised on June 10, 2021, to incorporate the "Award Term and Condition for Recipient Integrity and Performance Matters" before awarding any CDFI RRP grants on June 15, 2021; as such, all executed CDFI RRP recipient Assistance Agreements contained this term. Management also noted that, in August 2021, the CDFI Fund Office of Legal Counsel conducted a review of all CDFI Fund Assistance Agreements and confirmed that the "Award Term and Condition for Recipient Integrity and Performance Matters" was incorporated in all other Assistance Agreements. Management’s corrective action, if implemented as stated, meets the intent of our recommendation. We have summarized management’s response in the recommendations section of this report. Management’s written response, in its entirety, is included in appendix 2 of this report.

## Background

### The CDFI Fund

The CDFI Fund was established by the *Riegle Community Development Banking and Financial Institutions Act of 1994*<sup>9</sup> with the purpose of promoting economic revitalization and community development through investment in and assistance to CDFIs. Since its inception, the CDFI Fund has built a nationwide network of CDFIs that aim to ensure underserved communities have access to quality, affordable, and credible financial services.

The CDFI Fund administers various programs aimed at expanding the availability of credit, investment capital, and financial services in distressed urban, rural, and Native communities.<sup>10</sup> The CDFI Program and Native American CDFI Assistance Program (NACA

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<sup>9</sup> P.L. 103-325, The Riegle Community Development and Regulatory Improvement Act of 1994 (September 23, 1994).

<sup>10</sup> A Native Community is defined as Native American, Alaska Native, or Native Hawaiian populations or Native American areas defined as Federally-designated reservations, Hawaiian homelands, Alaska Native Villages, and U.S. Census Bureau-designated Tribal Statistical areas.

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Program) provide awards (e.g. grants and loans) to CDFIs and organizations seeking to become CDFIs to sustain and expand their services and to build their technical capacity. The CDFI Fund also supports community development through the Bank Enterprise Award Program, which provides grants to institutions insured by the Federal Deposit Insurance Corporation. The CDFI Fund's role in promoting community and economic development expanded in fiscal year (FY) 2001 when the Secretary of the Treasury delegated authority to the CDFI Fund to award New Markets Tax Credits (NMTC) to community development entities investing in underserved communities. The CDFI Fund's portfolio continued to expand with the Capital Magnet Fund, which offers competitively awarded grants to CDFIs for financing affordable housing solutions for low-income people and low-income communities nationwide. Through the CDFI Bond Guarantee Program, the CDFI Fund guarantees the full amount of notes or bonds issued to support CDFIs that make investments for eligible community or economic development purposes. In September 2021, the CDFI Fund launched the Small Dollar Loan Program to help unbanked and underbanked populations build credit, access affordable credit, and allow greater access to the mainstream financial system.<sup>11</sup>

The CDFI Fund is led by a Director who is supported by a Senior Advisor, the Office of Legal Counsel, and the Office of Legislative and External Affairs. There are two Deputy Directors who oversee programs and operations: (1) the Deputy Director of Policy and Programs leads policy development, operating procedures, internal controls, and strategic planning; and (2) the Deputy Director of Finance and Operations leads financial strategies and research, operations and resource management, information technology, and the Office of Certification, Compliance Monitoring, and Evaluation (CCME).

The CDFI Fund designated the Program Manager for the CDFI Program and NACA Program to serve as the Program Manager for the CDFI RRP. The Program Manager, who reports to the Deputy Director of Policy and Programs, was responsible for establishing and implementing the CDFI RRP as well as developing the program structure and designing program policies. Furthermore, the Program

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<sup>11</sup> Authorized under Dodd-Frank Wall Street Reform and Consumer Protection Act (P. L. 111-203; July 21, 2010).

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Manager led a team to develop the CDFI RRP procedures, the NOFA, technology requirements, and CDFI RRP Application requirements in the CDFI Fund's Awards Management Information System (AMIS).<sup>12</sup>

### CDFI Certification

CDFI certification is the CDFI Fund's recognition of specialized financial institutions serving low-income communities. Through certification, CDFIs are qualified to apply for Financial Assistance (FA)<sup>13</sup> awards from the CDFI Fund. Additionally, certified CDFIs, as well as entities seeking to become certified CDFIs, are eligible to apply for Technical Assistance (TA)<sup>14</sup> awards, and can access training provided by the CDFI Fund through the Capacity Building Initiative.<sup>15</sup>

To become certified, an organization must: (1) be a legal entity; (2) have a primary mission of promoting community development; (3) be a financing entity; (4) provide development services along with financing activities; (5) serve one or more target market(s);<sup>16</sup> (6) maintain accountability to its defined target market(s); and (7) be a non-government entity and not under the control of any government entity. An eligible organization must submit a *CDFI Certification Application* to the CDFI Fund for approval. Certified CDFIs are required to confirm adherence to the CDFI certification

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<sup>12</sup> AMIS is an enterprise-wide business system that supports all CDFI Fund programs through each phase of the programs' life cycle, including processes related to certification, program awards and allocations, pre-award, compliance reporting, and data analysis. Additionally, applicants use AMIS to create, complete, and submit applications.

<sup>13</sup> FA awards allow CDFIs to sustain and expand their products and services as outlined in their funding applications. The awards can be used for eligible activities including lending capital, loan loss reserves, capital reserves, operations, and development services.

<sup>14</sup> TA awards allow for capacity development that is integral to CDFIs' organizational sustainability and success.

<sup>15</sup> The CDFI Fund created the Capacity Building Initiative to help CDFIs improve their ability to deliver financial products and services to economically underserved communities. CDFIs can access free training workshops, webinars, market research, customized technical assistance, and informational resources to help them develop, diversify, and grow.

<sup>16</sup> A target market refers to one or more Investment Area(s), as defined in footnote 20, and/or Targeted Population(s). Targeted Population(s) may include Low-Income Targeted Population(s) or other Targeted Population(s) in the organization's service area for which there exists a strong basis in evidence that the group lacks access to loans, equity investments, and/or financial services. A target market is established when a certified CDFI selects an Investment Area as its target market.

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guidelines annually through the submission of an Annual Certification and Data Collection Report.<sup>17</sup> As of February 26, 2021, there were 1,237 certified CDFIs, of which 70 were designated as certified Native CDFIs.<sup>18</sup>

### CDFI RRP

The CAA, 2021 appropriated \$3 billion to the CDFI Fund to support, prepare for, and respond to the economic impact of COVID-19. No later than 60 days after enactment on December 27, 2020, the CDFI Fund was to make \$1.25 billion<sup>19</sup> available as grants, of which \$25 million must benefit Native communities. Furthermore, the CDFI Fund must provide grants using a formula that takes into account selected criteria, such as certification status, financial and compliance performance, portfolio and balance sheet strength, a diversity of CDFI business model types, and program capacity. The \$1.25 billion, which was available through September 30, 2021, was awarded as of June 15, 2021.

On December 30, 2020, the CDFI Fund announced the establishment of the CDFI RRP. The CDFI Fund created the program with the goal of quickly deploying capital to certified CDFIs through a streamlined application and review process to alleviate urgent community needs.

### CDFI RRP General Requirements

To be eligible and apply for a CDFI RRP grant, the CDFI must comply with all outstanding CDFI awards, NMTC allocations, or bond guarantee requirements, as well as meet benchmarks for CDFI Fund programs and financial safety and soundness. Additionally, only a CDFI that received certification from the CDFI

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<sup>17</sup> CDFIs must submit an Annual Certification and Data Collection Report in AMIS within 90 days of the end of their organization's fiscal year. The CDFI Fund uses the information to assess the CDFIs' compliance with the CDFI certification guidelines and to collect CDFI industry information.

<sup>18</sup> Native CDFIs are those that serve primarily in Native communities.

<sup>19</sup> The remaining \$1.75 billion is to be available until expended for small business and minority lending that is not within the scope of this audit.

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Fund as of the day the NOFA is published in the Federal Register is eligible to apply for a CDFI RRP grant.

To apply for a CDFI RRP grant and qualify as a CDFI that serves Native communities, 50 percent or more of the CDFI's past activities must be directed to Native communities and the CDFI's certified target market must meet selected characteristics. For example, to qualify with an Investment Area<sup>20</sup> target market, CDFI must demonstrate that the Investment Area approved for certification is also a geographic area of Federally-designated reservations, Hawaiian homelands, Alaska Native Villages, and U.S. Census Bureau-designated Tribal Statistical Areas.

To submit a CDFI RRP Application successfully, the CDFI must register in Grants.gov,<sup>21</sup> System for Award Management (SAM.gov),<sup>22</sup> and AMIS. The CDFI must also obtain an Employer Identification Number,<sup>23</sup> a Dun and Bradstreet Data Universal Numbering System (DUNS) Number,<sup>24</sup> and ensure consistency of information between SAM.gov and AMIS. Furthermore, the CDFI must submit the OMB Standard Form 424, "Application for Federal

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<sup>20</sup> Per 12 CFR 1805.201, *Certification as a Community Development Financial Institution*, section (b)(3)(ii), a geographic area will be considered eligible for designation as an Investment Area if it is located within the United States; and either meets at least one of the objective criteria of economic distress and has significant unmet needs for loans, equity investments, financial products, or financial services; or is located within an Empowerment Zone or Enterprise Community designated under section 1391 of the Internal Revenue Code of 1986. The distress criteria are the following: (1) poverty rate of at least 20 percent; (2) median family income at 80 percent or below within a metropolitan or non-metropolitan area; (3) unemployment rate is at least 1.5 times the national average; (4) non-metropolitan area county population loss is at least 10 percent between the most recent and previous census; and (5) non-metropolitan area county net migration loss during the 5-year period preceding the most recent census is at least 5 percent.

<sup>21</sup> Grants.gov is a system that provides a centralized location for grant seekers to find and apply for Federal funding opportunities.

<sup>22</sup> SAM.gov is a web-based, government-wide application that collects, validates, stores, and disseminates business information about the Federal government's trading partners in support of the contract awards, grants, and electronic payment processes.

<sup>23</sup> An Employer Identification Number is also known as a Federal Tax Identification Number, and is used to identify a business entity. This number is provided by the Internal Revenue Service.

<sup>24</sup> The DUNS number is a nine-digit non-indicative numbering sequence and is assigned at the lowest organizational level, i.e. business locations with a unique, separate, and distinct operation. It is assigned to all types of business organizations, including partnerships and non-profits. In April 2022, the General Services Administration will transition from DUNS to a new Unique Entity Identifier (UEI) in SAM.gov. As of this audit, DUNS was still used for the CDFI RRP Application cycle.

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Assistance,” in Grants.gov before submitting the CDFI RRP Application in AMIS.

### CDFI RRP Eligible Activities

CDFI RRP grants may be used for selected lines of business, including commercial real estate, small businesses, consumer financial products, consumer financial services, and affordable housing. Additionally, the CDFI RRP grants may be used on five eligible activity categories that support the delivery of financial products and services that include: (1) financial products (e.g. loans and equity investments); (2) financial services (e.g. providing checking and savings accounts); (3) loan loss reserves (e.g. grant funds set aside in the form of cash reserves to cover losses on loans); (4) development services (e.g. activities that promote community development); and (5) capital reserves (e.g. grant funds set-aside as reserves to support a CDFI’s ability to leverage other capital for a specific purpose, such as providing financing). The CDFI Fund noted that only regulated CDFIs<sup>25</sup> may expend a CDFI RRP grant for financial services and capital reserves.

CDFI RRP grants may also be used in seven categories that support a CDFI’s operations: (1) compensation–personal services (i.e. compensation for services CDFIs’ employees delivered during CDFI RRP’s period of performance); (2) compensation–fringe benefits (i.e. funds paid to cover allowances and services a CDFI provides to its employees in the form of compensation in addition to its employees’ salaries and wages); (3) professional service costs (e.g. costs for consultant and professional services); (4) travel costs (e.g. transportation and lodging costs); (5) training and education costs (e.g. training a CDFI conducts for its employees); (6) equipment (e.g. information technology systems); and (7) supplies (i.e. tangible personal property costing less than \$5,000). Per the CDFI Fund, “the greater of \$200,000” or 15 percent of the CDFI RRP grant may be used on these seven categories.

The period of performance for CDFI RRP grants begins on the date of the award announcement and covers the CDFI’s two full consecutive fiscal years after that date. The CDFI Fund will not

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<sup>25</sup> Regulated CDFIs include insured credit unions, insured depository institutions, state-insured credit unions, and depository institution holding companies.

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amend an Assistance Agreement solely to extend the period of performance to allow a recipient additional time to expend the CDFI RRP grant.

### CDFI Fund's Leverage of CDFI Program

The CDFI Fund leveraged the CDFI Program to establish the CDFI RRP. Although the CDFI RRP is a new grant program, it is not a new concept to the CDFI Fund as it has awarded CDFI Program grants since 1994. The CDFI Fund used established documents and processes to include: standard operating procedures (SOPs) and guidance for FA and TA, Paperwork Reduction Act (PRA)<sup>26</sup> compliant information collection procedures, existing infrastructure (i.e. staff, AMIS), and guidance materials when creating the CDFI RRP.

The CDFI Fund created the CDFI RRP Application to focus on targeted financial data and applicant information similar to FA and TA applications. To develop the application evaluation process, the CDFI Fund streamlined the “Community Development Financial Institutions Program and Native American CDFI Assistance Program Standard Operating Procedures FY 2021” to meet the intent of the CAA, 2021. Specifically, the CDFI Fund eliminated unnecessary evaluation steps due to the differences between the CDFI RRP and CDFI Program (e.g. matching funds eligibility review is only needed for specific FA applications). CDFI Program evaluations include conducting eligibility reviews, financial safety and soundness analyses, compliance risk evaluations, and award determinations based on the analyses conducted and rules outlined in the NOFA.

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<sup>26</sup> The PRA is a law governing how Federal agencies collect information from the American public. Agency information collection requests generally must go through a PRA clearance process conducted by OMB.

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## Audit Results

### **CDFI Fund's Implementation of CDFI RRP Generally Complied with Federal Requirements**

CDFI Fund management took prompt actions to deploy emergency funding to eligible CDFIs to respond to economic challenges resulting from the COVID-19 pandemic. That is, management made \$1.25 billion of the \$3 billion appropriated funds available on February 25, 2021, meeting the mandated deadline for funds availability of no later than 60 days from the enactment of the CAA, 2021 on December 27, 2020. Furthermore, management complied with the Uniform Guidance by making CDFI RRP funds available and designing the framework for a program that could comply with the CAA, 2021.

As described below, the CDFI Fund established internal controls over the CDFI RRP in accordance with the GAO Green Book to include (1) a process for CDFIs to apply for CDFI RRP awards conforming to the CAA, 2021; and (2) a CDFI RRP Application evaluation process (including award determinations) to meet the legislative requirements. The CDFI RRP Application evaluation process also complied with the Uniform Guidance. Furthermore, the CDFI Fund established performance goals and developed the Assistance Agreement template for the CDFI RRP that included general terms and conditions in accordance with the Uniform Guidance §200.211. However, we found the Assistance Agreement template was missing the "Award Term and Condition for Recipient Integrity and Performance Matters" in the terms and conditions of award as detailed in Finding 1.

#### **Funds Were Available by the Mandated Deadline**

Per the CAA, 2021, the CDFI Fund was required to make funds available no later than 60 days after enactment on December 27, 2020. On February 25, 2021, the CDFI Fund made the CDFI RRP Application available to certified CDFIs in anticipation of the NOFA, which was published in the Federal Register on February 26, 2021. A CDFI Fund official stated that after enactment, the CDFI Fund reviewed the language in the CAA, 2021 to consider criteria for

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designing the CDFI RRP. Furthermore, the CDFI Fund developed an implementation timeline outlining the steps needed to ensure the NOFA was completed and cleared timely by CDFI Fund management, OMB, Treasury's Office of the Executive Secretary, and Treasury's Office of General Counsel.

Overall, the CDFI Fund designed the CDFI RRP framework that complies with the CAA, 2021 and the Uniform Guidance. Per the Uniform Guidance §200.202, the Federal awarding agency must design a program with clear goals and objectives that facilitate the delivery of results consistent with the Federal authorizing legislation and create an Assistance Listing<sup>27</sup> before announcing the NOFA. Per Uniform Guidance §200.203, the Federal awarding agency must create the Assistance Listing based on the authorizing legislation. Furthermore, per Uniform Guidance §200.204, the Federal awarding agency must announce specific funding opportunities by providing key information in a public notice.

In accordance with the Uniform Guidance §200.202 and §200.203, the CDFI Fund developed and published an Assistance Listing (21.024) on SAM.gov on January 22, 2021, which was before the NOFA was published in the Federal Register. The Assistance Listing included the program description, purpose, goals, information on the source of funds available, and program eligibility requirements (see Background section of this report for details). Additionally, the Assistance Listing included performance measurement details, such as recipient reporting requirements on the use of awards.

As required by Uniform Guidance §200.204, the CDFI Fund announced the CDFI RRP funding opportunity on Grants.gov. The NOFA specified information on the program, including applicant eligibility information, CDFI RRP Application evaluation information, and applicable terms and conditions.

### Internal Controls Were Established Over the CDFI RRP

The CDFI Fund utilized its existing organizational structure to establish the CDFI RRP, assign responsibility, and delegate authority to existing employees to work on the program consistent

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<sup>27</sup> Assistance Listing refers to the publicly available listing, managed and administered by the General Services Administration, of Federal assistance programs.

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with the GAO Green Book Principle 3 that states management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.<sup>28</sup> CDFI Fund management did not hire new staff to work specifically on the CDFI RRP. Instead, management created a staffing work plan and assigned employees from the CDFI Program and NACA Program to work on the CDFI RRP. Also, the CDFI Fund assigned support personnel from various business units to include, but not limited to, staff from the Office of Legal Counsel and CCME.

Among various responsibilities related to implementing the CDFI RRP, the Office of Legal Counsel provided guidance on matters that required legal interpretation such as regulator findings or potential enforcement actions. CCME was responsible for conducting eligibility checks of program applicants relative to NOFA requirements and verifying applicants' CDFI certifications. A CDFI Fund official stated the organization was well suited to launch the CDFI RRP because management leveraged CDFI Program staff familiar with running a grants program. As of March 2021, there were approximately 32 employees assigned to assist in the implementation of the CDFI RRP.<sup>29</sup>

The CDFI Fund also documented staff responsibilities in multiple SOPs that outlined the steps that CDFI Fund staff followed when soliciting CDFI RRP Applications, evaluating eligible applicants, and issuing awards. SOPs established for the program include (a) "Step 1: Program Eligibility, Compliance and Regulator Checks–Internal Review Process and Logistics Guidance," (b) "Step 2: Internal Process and Logistics Guidance," (c) "Step 3: (i) CDFI Rapid Response Program Follow-Up Reviewer Due Diligence Review Guidance" and (ii) CDFI Rapid Response Selecting Official and Reviewing Official Due Diligence Review Guidance," and (d) "Step 4: CDFI RRP Award Amount Determination Process." Furthermore, the CDFI Fund created the CDFI RRP "Community Development Financial Institutions Rapid Response Program (CDFI RRP) Standard Operating Procedures," which describes how staff roles and responsibilities are segregated and outlines who is responsible, accountable, consulted, and informed for each process step.

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<sup>28</sup> GAO, "Standards for Internal Control in the Federal Government," GAO-14-704G (September 2014).

<sup>29</sup> The CDFI organizational chart, dated April 27, 2021, reflected 79 total employees.

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The CDFI Fund augmented CDFI RRP SOPs with additional guidance materials and job aids. For example, the CDFI Fund developed the “FY 2021 Job Aid, Compliance Analysis Desk Review” and the “FY 2021 Job Aid, Financial Analysis Desk Reviews,” which outline examples and include templates for staff to use when conducting financial and compliance reviews.

The CDFI Fund also designed control activities for AMIS in accordance with the GAO Green Book Principle 11 that states management should design the entity’s information system and related control activities to achieve objectives and respond to risks.<sup>30</sup> The CDFI Fund developed CDFI RRP Application evaluation sections in AMIS that included automated validity checks to prevent errors in the review of CDFI RRP Applications and included specific fields that were limited to completion by selected staff (e.g. a higher-level CDFI Fund official). Furthermore, the CDFI Fund created the “CDFI Rapid Response Program (CDFI RRP) Internal Review AMIS Guidance,” which provides illustrations for staff to reference when reviewing CDFI RRP Applications.

By establishing the CDFI RRP with experienced staff and modifying AMIS in a timely manner, the CDFI Fund ensured that proper controls were in place to evaluate and award grants under the CDFI RRP.

### CDFI RRP Application Process Complies With CAA, 2021

The CDFI RRP Application complies with requirements of the CAA, 2021. Specifically, the CDFI Fund established an application process that considers an applicant’s certification status, financial and performance compliance related to awards under other CDFI Fund programs, portfolio and balance sheet strength, and program capacity. Furthermore, the CDFI Fund took into account Native designations as required by the legislation.

As part of the CDFI RRP Application process, the CDFI Fund required the applicant to provide historical, current, and projected financial data. For example, the applicant had to provide balance sheet and other financial statement information, which included

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<sup>30</sup> GAO-14-704G, September 2014, p. 51.

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assets, liabilities, and expenses. Furthermore, the CDFI Fund required unregulated financial institution applicants to submit financial statements and any related management letters.<sup>31</sup> For a regulated financial institution applicant, the CDFI Fund solicited financial safety and soundness information from Federal regulators (e.g. National Credit Union Administration, Federal Reserve Board of Governors, and the Federal Deposit Insurance Corporation).

The CDFI Fund also required applicants to respond to numerous compliance questions in the CDFI RRP Application, which the CDFI Fund used to evaluate compliance risk and program capacity. For example, applicants had to provide information on whether they had externally reviewed or audited financial statements completed annually within 180 days of the applicant's fiscal year end. Furthermore, applicants had to describe historical audit findings and how they addressed them, as well as report the kind of accounting system (e.g. paper-based, Excel-based, or enterprise accounting software) they use to manage their portfolio.

In accordance with CAA, 2021, the CDFI Fund was required to award at least \$25 million of the \$1.25 billion to Native communities. The CDFI Fund required applicants to certify whether they serve Native communities in the CDFI RRP Application. The CDFI Fund then validated these responses utilizing target market data.

### CDFI RRP Application Evaluation Process Complies With Federal Requirements

The CDFI Fund's process to evaluate the CDFI RRP Application complies with the Uniform Guidance. Specifically, the CDFI Fund designed a process aimed to select applicants that were most likely to succeed in delivering results based on program objectives. Per Uniform Guidance §200.205, the Federal awarding agency must design and execute a merit review process for applications. As part of its evaluation process, the CDFI Fund assesses each applicant's ability to comply successfully with the terms outlined in the Assistance Agreement. Per Uniform Guidance §200.206, the

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<sup>31</sup> The Management Letter is prepared by the applicant's auditor and is a communication on internal controls over financial reporting, compliance, and other matters.

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Federal awarding agency must review risk posed by applicants. To assess risk, the CDFI Fund evaluates the applicant's financial safety and soundness and compliance risk, conducts debarment<sup>32</sup> checks, and does not consider an applicant that is delinquent on any Federal debt.

In addition, the CDFI RRP Application evaluation process complies with the CAA, 2021. Specifically, the CDFI Fund designed a process that takes into account an applicant's certification status, financial performance and prior award compliance, portfolio and balance sheet strength, diversity of CDFI business model types, and program capacity. The CDFI RRP Application evaluation process is comprised of four steps (including award determinations):

- First, the CDFI Fund determines eligibility by ensuring the applicant meets requirements outlined in the NOFA. For example, the applicant is deemed ineligible if the CDFI Fund made a final determination that the applicant was in default or noncompliant with a previously executed Assistance Agreement under another CDFI Fund program.
- Second, the CDFI Fund conducts an applicant financial safety and soundness analysis. For an unregulated financial institution applicant, the Application Assessment Tool (AAT)<sup>33</sup> model within AMIS calculates the financial composite scores using financial information from the CDFI RRP Application. The financial composite scores range from 1 (lowest risk) to 5 (highest risk). An applicant that scores 1, 2, 3, or 4 advances to the next step. For a regulated financial institution applicant, the CDFI Fund reviews applicable regulator reports and CAMELS<sup>34</sup> composite scores. An applicant that receives a failing CAMELS

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<sup>32</sup> A debarment is an exclusion from government-wide Federal contracting and financial assistance for a set period of time (usually 3 years) that is effective on the date the debarment decision is finalized. A debarment may be based on convictions, civil judgments, or the agency's independent evidence proving by a preponderance of evidence that a company or individual was involved in fraudulent conduct on public contracts, such as contract and financial assistance fraud.

<sup>33</sup> The AAT is an automated tool developed by the CDFI Fund.

<sup>34</sup> The CAMELS composite rating represents a financial institution's adequacy of capital, quality of assets, capability of management, quality and level of earnings, adequacy of liquidity, and sensitivity to market risk, and ranges from 1 (strongest) to 5 (weakest).

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composite score (i.e. a score of 5) does not advance to the next step in the process.

The CDFI Fund also conducts compliance risk evaluations for both regulated and unregulated applicants as part of this step, taking into account each applicant's program capacity. The AAT compliance model calculates compliance composite scores based on information the applicant provides as part of its CDFI RRP Application (e.g. audit findings and internal controls), reporting history, and performance risk.

Compliance composite scores range from 1 (low compliance risk) to 5 (high compliance risk).

The applicant advances to the next step in the CDFI RRP Application evaluation process when it receives a passing AAT score (i.e. risk score of 4 or lower) or CAMELS score (i.e. CAMELS rating of 4 or lower), as applicable, and a passing AAT compliance composite score (i.e. score of 3 or lower).

- Third, the CDFI Fund conducts due diligence reviews to assess potential compliance concerns for each applicant and assigns "level-of-concern" ratings. Due diligence reviews are performed in three stages. In the first stage, a follow-up reviewer, at the staff level, reviews and provides an initial "level of concern" rating with written justification. In the second stage, a selecting official, at the Associate Program Manager level, performs a secondary review of the follow-up reviewer's analysis and "level of concern" rating. In the third stage, a reviewing official (CDFI RRP Program Manager), performs a final review. An applicant receives a due diligence review rating of either "not concerned," "somewhat concerned," or "very concerned." An applicant with a "somewhat concerned" rating is recommended for awards with a 30 percent reduction in award amount and an applicant with a "very concerned" rating is not recommended for awards.
- Fourth, the CDFI Fund determines award amounts using a formula-based approach and extracts applicant data from AMIS and the CDFI RRP Application information to input into

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an award sizing Excel workbook<sup>35</sup> created for the CDFI RRP. The award formula takes into account an applicant's requested amount, submitted financial statements, and its financing activities. Additionally, the formula takes into account the minimum award size set forth in the NOFA, the amount targeted to Native communities, and the due diligence review rating. The CDFI Fund then runs a calculation to confirm that total CDFI RRP awards directed to benefit Native communities is at least \$25 million. Thereafter, the CDFI RRP Program Manager validates the total of all awards and the accuracy of the allocations to ensure it was equal to the \$1.25 billion appropriated for CDFI RRP including funds allocated for administrative expenses.

In all, the CDFI Fund received 877 CDFI RRP Applications of which 60 were for CDFIs that served Native communities. On June 15, 2021, the CDFI Fund announced that 863 CDFIs were approved for awards totaling \$1.25 billion, including \$54.6 million awarded to 58 CDFIs that served Native communities. CDFI RRP award recipients are headquartered in 48 states, the District of Columbia, Guam, and Puerto Rico. The primary geographic markets/Investment Areas served by award recipients include major and small urban areas as well as rural areas.

### CDFI Fund Established Performance Goals for CDFI RRP

The CDFI Fund established two performance goals for the CDFI RRP in accordance with the Uniform Guidance §200.301 that requires Federal awarding agencies to measure recipient's performance to demonstrate achievement of program goals and objectives. First, all CDFI RRP award recipients must expend 90 percent of the initial<sup>36</sup> award amount in the first year of the performance period and 100 percent by the end of the second year of the performance period on eligible activities. Second, CDFI RRP award recipients that receive an award greater than \$200,000

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<sup>35</sup> The CDFI Fund created the workbook to ensure appropriated funds are awarded based on the criteria set forth in the NOFA and based on the information the applicant provides.

<sup>36</sup> The initial award amount is the estimated amount that the CDFI RRP award recipient states in its CDFI RRP Application that it will use for eligible CDFI RRP activities in the first 12 months after award announcement.

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must offer financial products in an eligible market<sup>37</sup> or approved target market in an amount equal or greater than 50 percent of the total award amount by the end of the first year of the performance period and 70 percent of the total award amount by the end of the second year of the performance period. CDFI RRP award recipients that serve Native communities must offer financial products in Native communities.

The CDFI Fund developed the Assistance Agreement for the CDFI RRP to include the two performance goals as well as annual reporting requirements, among other terms and conditions. CDFI RRP award recipients are required to submit (1) an interim Performance Progress Report, which details the recipient's progress towards meeting the required benchmarks in its Assistance Agreement; (2) an interim Uses of Award Report, which details how award funds are being used; and (3) an interim Transaction Level Report, which provides transaction level information regarding loans closed. In addition to the interim reports, CDFI RRP award recipients are also required to submit a Performance Progress Report, Uses of Award Report, Transaction Level Report, Financial Statement Audit Report (if applicable), and Single Audit<sup>38</sup> Report (if applicable) for each period of performance. The report due dates vary depending on the recipient's fiscal year end.

While the CDFI Fund established performance goals and compliance requirements for the CDFI RRP, we noted that the Assistance Agreement template did not include all terms and conditions required by the Uniform Guidance as described in Finding 1.

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<sup>37</sup> Eligible Market is defined as (1) a geographic area meeting the requirements set forth in 12 CFR 1805.201 (see footnote 20), or (2) individuals that are low-income, African American, Hispanic, Native American, Native Hawaiians residing in Hawaii, Alaska Natives residing in Alaska, or other Pacific Islanders residing in American Samoa, Guam, or the Northern Mariana Islands.

<sup>38</sup> A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a Single Audit conducted in accordance with provisions outlined in the Uniform Guidance.

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**Finding 1****CDFI RRP Assistance Agreement Template Was Missing “Award Term and Condition for Recipient Integrity and Performance Matters”**

We found that the Assistance Agreement template generally adhered to the Uniform Guidance §200.211, which requires the Federal awarding agency to include general terms and conditions for awardees including administrative requirements, national policy requirements, and termination provisions. Furthermore, it requires the Federal awarding agency to include the award term for recipient integrity and performance matters for awards expected to exceed \$500,000 over the performance period. The CDFI Fund included general terms and conditions for administrative requirements, national policy requirements, termination provisions, as well as CDFI Fund-specific program requirements. However, as of June 10, 2021, the Assistance Agreement template was missing “Award Term and Condition for Recipient Integrity and Performance Matters.”

When we inquired of CDFI Fund officials on why the Assistance Agreement template was missing “Award Term and Condition for Recipient Integrity and Performance Matters,” they stated the exclusion was an oversight. Consequently, officials noted the discrepancy and revised the Assistance Agreement template to include this award term and condition on June 11, 2021, before awarding any CDFI RRP grants on June 15, 2021.

If the CDFI Fund had not revised the Assistance Agreement template to include the “Award Term and Condition for Recipient Integrity and Performance Matters,” award recipients would have been at risk of noncompliance with the Uniform Guidance. Additionally, because the Assistance Agreement template created for the CDFI RRP was modeled after an existing assistance agreement, we believe the required award term may not be included in other CDFI grant program recipient agreements.

**Recommendation**

We recommend the Director of the CDFI Fund ensures reviews of all other CDFI Fund Assistance Agreements are performed to

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confirm that the "Award Term and Condition for Recipient Integrity and Performance Matters" has been incorporated.

Management Response

In a written response, management concurred with our audit recommendation and stated that the CDFI RRP Assistance Agreement template was revised on June 10, 2021, to incorporate the "Award Term and Condition for Recipient Integrity and Performance Matters" before awarding any CDFI RRP grants on June 15, 2021; as such, all executed CDFI RRP recipient Assistance Agreements contained this term. Management also noted that, in August 2021, the CDFI Fund Office of Legal Counsel conducted a review of all CDFI Fund Assistance Agreements and confirmed that the "Award Term and Condition for Recipient Integrity and Performance Matters" was incorporated in all other Assistance Agreements. Management's written response, in its entirety, is included in appendix 2 of this report.

OIG Comment

Management's corrective action, if implemented as stated, meets the intent of our recommendation.

\* \* \* \* \*

We appreciate the courtesies and cooperation provided to our staff during the audit. If you wish to discuss the report, you may contact me at (202) 577-6609 or Sheila Arguello, Audit Manager, at (202) 439-2522. Major contributors to this report are listed in appendix 3. A distribution list for this report is provided as appendix 4.

/s/

Cecilia K. Howland  
Audit Director, State and Local Fiscal Recovery, RESTORE, and  
CDFI Programs

## Appendix 1: Objective, Scope, and Methodology

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Our audit objective was to assess the Community Development Financial Institutions (CDFI) Fund's implementation activities including making CDFI Rapid Response Program (RRP) funds available, and establishing policies, procedures, and other program guidance and documentation. As it relates to our audit objective, funds available indicates the announcement of a funding opportunity that advertised the CDFI RRP to the public.

The scope of our audit included, but was not limited to, reviewing (1) CDFI RRP Application requirements; (2) Notice of Funds Availability (NOFA); (3) CDFI RRP policies and procedures; (4) award terms and conditions included in the *CDFI RRP Assistance Agreement* (Assistance Agreement); and (5) other documentation governing the CDFI Fund's administration of CDFI RRP. Our audit scope included the CDFI Fund's activities related to the design and implementation of the CDFI RRP, from December 27, 2020, through June 15, 2021. Our audit scope did not include testing operating effectiveness of the CDFI Fund's CDFI RRP implementation activities, and as such, we did not review CDFI RRP Applications to determine whether the CDFI Fund approved them in accordance with the CAA, 2021 and policies and procedures it established for the program.

To accomplish this audit objective, we performed the following procedures during audit fieldwork conducted remotely, due to Coronavirus Disease 2019 (COVID-19) pandemic, between April and June 2021.

- Reviewed applicable Federal laws, regulations, and guidance, including:
  - P.L. 116-260, Title V, Subtitle B in Division N of Consolidated Appropriations Act, 2021 (CAA, 2021), December 27, 2020;
  - P.L. 103-325, Riegle Community Development and Regulatory Improvement Act of 1994, September 23, 1994;
  - Office of Management and Budget (OMB), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 Code of Federal

## Appendix 1: Objective, Scope, and Methodology

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- Regulations (CFR) 200 (Uniform Guidance), updated August 13, 2020 (effective November 12, 2020);*
  - 12 CFR Part 1805, "Community Development Financial Institutions Program," August 31, 2015;
  - OMB Circular No. A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control," July 15, 2016;
  - U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government (Green Book)*, September 2014; and
  - GAO, *Assessing Data Reliability*, December 2019.
- Reviewed the GAO Green Book to identify the components of internal control and principles that are significant within the context of the audit objective. Specifically, we evaluated the control environment and control activities components; and assessed policies, procedures, and guidance (outlined below) against the following principles: 1) management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives; 2) management should design control activities to achieve objectives and respond to risks; 3) management should design the information system and related control activities to achieve objectives and respond to risks; and 4) management should implement control activities through policies.
- Reviewed CDFI Fund documentation related to the planning and design of the CDFI RRP, including:
  - CDFI RRP NOFA, February 26, 2021;
  - CDFI RRP pre-award documentation, such as the Assistance Listing (21.024) and Grants.gov announcement;
  - "CDFI RRP Frequently Asked Questions (FAQs)," March 10, 2021;
  - Assistance Agreement Presentation, "Getting Acquainted With Your FY 2021 CDFI Rapid Response Program Award Assistance Agreement," not dated;
  - CDFI RRP Assistance Agreement template (draft versions from March and June 2021);

## Appendix 1: Objective, Scope, and Methodology

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- CDFI RRP “SF-424 & Assistance Application Guidance,” February 25, 2021;
  - CDFI Fund meeting minutes related to CDFI RRP planning;
  - CDFI RRP staffing plans and work plan;
  - CDFI RRP Administrative Budget Projections FY 2021;
  - CDFI RRP “Pre-Application Overview Presentation;”
  - CDFI RRP Implementation Tentative Timeline, as of February 25, 2021; and
  - CDFI RRP Implementation Updated Timeline, as of June 4, 2021.
- Reviewed CDFI Fund’s policies, procedures, and guidance related to the CDFI RRP Application evaluation process (including award determinations):
    - “Community Development Financial Institutions Rapid Response Program (CDFI RRP) Standard Operating Procedures,” March 24, 2021;
    - “CDFI Rapid Response Program Policy on Do Not Pay and Debarment Findings,” April 4, 2021;
    - “Step 1: Program Eligibility, Compliance and Regulator Checks–Internal Review Process and Logistics Guidance,” April 16, 2021;
    - “Step 2: Internal Process and Logistics Guidance,” April 13, 2021;
    - “FY 2021 Job Aid, Compliance Analysis Desk Review, based on Step 2 Application Assessment Tool (AAT) Total Compliance Composite Score,” April 13, 2021;
    - “FY 2021 Job Aid, Financial Analysis Desk Reviews, based on Step 2 Application Assessment Tool (AAT) Total Financial Composite Score,” April 13, 2021;
    - “Step 3 CDFI Rapid Response Program Follow-Up Reviewer Due Diligence Review Guidance,” April 7, 2021;
    - “Step 3 CDFI Rapid Response Selecting Official and Reviewing Official Due Diligence Review Guidance,” April 12, 2021;

## Appendix 1: Objective, Scope, and Methodology

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- “Step 4: CDFI RRP Award Amount Determination Process,” April 19, 2021; and
- “CDFI Rapid Response Program (CDFI RRP) Internal Review AMIS Guidance,” March 25, 2021.
- Reviewed selected CDFI Fund guidance related to the CDFI Program:
  - FY 2021 CDFI & Native American CDFI Assistance (NACA) Program Technical Assistance (TA) Application Guidance, February 18, 2021;
  - FY 2021 CDFI & NACA Program TA Evaluation Process, February 18, 2021;
  - FY 2021 CDFI & NACA Program Financial Assistance (FA) Application Guidance, February 18, 2021;
  - FY 2021 CDFI & NACA Program Base-FA Evaluation Process, February 18, 2021;
  - “FY 2021 CDFI & NACA Program Application” FAQ – v3, March 12, 2021;
  - “Form, Assurances, & Certifications,” February 18, 2021;
  - CDFI Program NOFA, February 19, 2021; and
  - “FY 2021 CDFI & NACA Program Application Overview Presentation,” February 18, 2021.
- Reviewed GAO’s *Assessing Data Reliability*, which states that a data reliability determination does not involve attesting to the overall reliability of the data or database. The audit team is only determining the reliability of the specific data needed to support the findings, conclusions, or recommendations in the context of the audit objectives. For this audit, we assessed the reliability of CDFI RRP Application data retrieved from the Awards Management Information System (AMIS), which is the CDFI Fund’s enterprise-wide business system that supports all CDFI Fund programs. Specifically, we (1) reviewed existing information about the system and conducted a walkthrough to validate what was documented in policies and procedures; and (2) obtained information from officials knowledgeable about the data. We determined that the data was sufficiently reliable for the purposes of answering our audit objective.

## Appendix 1: Objective, Scope, and Methodology

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- Selected a non-statistical sample of three grant applications from a universe of 877 applications to capture the following application types: 1) application approved for award to a non-Native CDFI; 2) application approved for award to a Native CDFI; and 3) application not approved for award. Our sample was selected for testing the CDFI RRP Application and evaluation design and not for the purpose of projecting results to the universe of specific awards or the overall effectiveness of the program.
- Performed walkthrough of the three sampled CDFI RRP Applications to assess the CDFI RRP Application and evaluation (including award determinations) design.
- Interviewed CDFI Fund personnel:
  - CDFI Fund Deputy Director of Finance and Operations;
  - CDFI Fund Legal Counsel;
  - CDFI & NACA & CDFI RRP Program Manager;
  - CDFI RRP Associate Program Manager; and
  - Acting Program Manager for the Office of Certification, Compliance Monitoring, and Evaluation.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Appendix 2: Management Response



COMMUNITY DEVELOPMENT  
FINANCIAL INSTITUTIONS FUND

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

December 9, 2021

Ms. Cecilia K. Howland  
Audit Director, State and Local Fiscal Recovery, RESTORE, and CDFI Programs  
Office of the Inspector General  
U.S. Department of the Treasury  
1500 Pennsylvania Ave., N. W.  
Washington, D.C. 20220

RE: CDFI Fund Management Response to Recommendation in the Audit of the Community  
Development Financial Institutions Fund's Implementation of the CDFI Rapid Response Program

Dear Ms. Howland,

At your request, below is the Community Development Financial Institutions Fund's (CDFI Fund) response to the recommendation in the *Audit of the Community Development Financial Institutions Fund's Implementation of the CDFI Rapid Response Program (CDFI RRP)*.

### OIG Recommendation

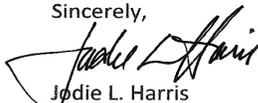
[OIG] recommend[s] the Director of the CDFI Fund ensures reviews of all other CDFI Fund Assistance Agreements are performed to confirm that the "Award Term and Condition for Recipient Integrity and Performance Matters" has been incorporated.

### Management Response

The CDFI Fund concurs with this recommendation. As noted in the audit report, the CDFI RRP Assistance Agreement template was revised on June 10, 2021, to incorporate the "Award Term and Condition for Recipient Integrity and Performance Matters" before awarding any CDFI RRP grants on June 15, 2021, as such all executed CDFI RRP recipient Assistance Agreements contained this term. In August 2021, the CDFI Fund Office of Legal Counsel conducted a review of all CDFI Fund Assistance Agreements and confirmed that the "Award Term and Condition for Recipient Integrity and Performance Matters" was incorporated in all other Assistance Agreements.

The CDFI Fund appreciates the work of your staff, and the opportunity to review and provide a response to the recommendation in the report. If you have any questions, please contact Denise Noel at 202.653.0351 or [noeld@cdfi.treas.gov](mailto:noeld@cdfi.treas.gov).

Sincerely,

  
Jodie L. Harris  
Director  
CDFI Fund

## **Appendix 3: Major Contributors to This Report**

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Sheila Argüello, Audit Manager  
Lawrence Gonzalez, Auditor  
Lynette Feliciano Del Valle, Auditor  
Clint Hoellrigl, Auditor  
Justin Summers, Referencer

## **Appendix 4: Report Distribution**

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### **Department of the Treasury**

Secretary  
Deputy Secretary  
Under Secretary for Domestic Finance  
Assistant Secretary for Financial Institutions  
Deputy Assistant Secretary for Community and Economic Development  
Chief Recovery Officer  
Office of Strategic Planning and Performance Management  
Office of the Deputy Chief Financial Officer, Risk and Control Group

### **Community Development Financial Institutions Fund**

Director  
Deputy Director of Policy and Programs  
Deputy Director of Finance and Operations  
Legal Counsel

### **Office of Management and Budget**

OIG Budget Examiner

### **U.S. Senate**

Chairman and Ranking Member  
Committee on Banking, Housing, and Urban Affairs

Chairman and Ranking Member  
Committee on Homeland Security and Governmental Affairs

### **U.S. House of Representatives**

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Committee on Oversight and Reform

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