



# Audit Report



OIG-24-037

## CORONAVIRUS DISEASE 2019 PANDEMIC RELIEF PROGRAMS

### Audit of the Community Development Financial Institutions Fund's Award and Post-Award Administration of the CDFI Equitable Recovery Program

September 25, 2024

Office of Inspector General  
Department of the Treasury

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## Abbreviations

ACR	Annual Certification and Data Collection Report
AMIS	Awards Management Information System
Assistance Agreement	CDFI ERP Assistance Agreement
CAA, 2021	<i>Consolidated Appropriations Act, 2021</i>
CDFI	Community Development Financial Institutions
CDFI ERP	CDFI Equitable Recovery Program
CFR	Code of Federal Regulations
COVID-19	Coronavirus Disease 2019
FSA	Financial Statement Audit
FY	Fiscal Year
GAO	Government Accountability Office
Green Book	<i>Standards for Internal Control in the Federal Government</i>
NOFA	Notice of Funds Availability
OCME	Office of Compliance Monitoring and Evaluation
OIG	Office of Inspector General
OMB	Office of Management and Budget
PG&Ms	Performance Goals and Measures
SF	Standard Form
SOPs	standard operating procedures
TLR	Transaction Level Report

Treasury  
Uniform Guidance

Department of the Treasury  
*Uniform Administrative Requirements, Cost Principles, and  
Audit Requirements for Federal Awards, 2 CFR Part 200*

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# Audit Report

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September 25, 2024

Pravina Raghavan  
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 award and post-award administration of the CDFI Equitable Recovery Program (CDFI ERP). Title V, Subtitle B in Division N of the *Consolidated Appropriations Act, 2021* (CAA, 2021)<sup>1</sup> 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 no less than 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 this audit was to assess the CDFI Fund's award process for ensuring the accuracy of the CDFI ERP payments and the design of the post-award administration over recipient monitoring, in compliance with applicable laws, regulations, and policies and procedures. The scope of our audit included, but was not limited to, the: (1) assessment of the CDFI Fund's allocation methodologies; (2) determination of ERP-

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<sup>1</sup> Public Law 116-260, *Consolidated Appropriations Act, 2021* (December 27, 2020).

<sup>2</sup> A CDFI must have a 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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Eligible Geographies; (3) accuracy of award amounts and payments; and (4) adequacy of the CDFI ERP post-award reporting process. Our audit scope included the CDFI Fund's activities related to CDFI ERP applications, awards, and payments from June 24, 2022, through November 30, 2023.

To accomplish our audit objective, we:

- reviewed applicable laws and regulations, including the CDFI ERP Notice of Funds Availability (NOFA);<sup>4</sup>
- reviewed CDFI ERP policies and procedures, major decisions, award terms and conditions, and other supporting documentation related to the CDFI Fund's administration of the program;
- assessed the accuracy of award payments by selecting a statistical sample of 27 CDFI ERP payments, totaling \$58 million, from the population of 596 payments<sup>5</sup> issued as of November 30, 2023, totaling approximately \$1.4 billion;
- assessed whether the CDFI Fund correctly determined applicant ineligibility for all 92 CDFI ERP applicants who did not receive an award;
- performed walkthroughs of the CDFI Fund's Awards Management Information System (AMIS);<sup>6</sup>
- interviewed CDFI Fund officials and personnel responsible for implementing, performing, and monitoring the CDFI ERP; and

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<sup>4</sup> The NOFA is a federal agency's formal announcement of the availability of federal funding for a financial assistance program.

<sup>5</sup> On April 10, 2023, Treasury announced that the CDFI Fund awarded CDFI ERP grants to 604 CDFIs. As of November 30, 2023, there were 596 initial award payments issued. The remaining award payments had yet to be issued and were not part of our testing.

<sup>6</sup> AMIS is an enterprise-wide business system that supports all CDFI Fund programs through each phase of the programs' life cycles, including processes related to certification, program awards and allocations, pre-award requirements, compliance reporting, and data analysis. Additionally, applicants use AMIS to create, complete, and submit applications.

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- assessed the design and implementation of processes and internal controls over CDFI ERP post-award activities.

We conducted our fieldwork remotely from March 2024 to July 2024. Appendix 1 contains a detailed description of our audit objective, scope, and methodology.

## Results in Brief

In brief, CDFI Fund management documented the CDFI ERP award determination process across multiple standard operating procedures (SOPs), consistent with the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (Green Book).<sup>7</sup> CDFI Fund management also accurately calculated CDFI ERP awards and administered them in accordance with the CAA, 2021 and the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 Code of Federal Regulations (CFR) Part 200* (Uniform Guidance).<sup>8</sup> Based on the 27 sampled CDFI ERP recipients, we found that the CDFI Fund accurately issued CDFI ERP payments in compliance with federal guidance and regulations.

Additionally, the CDFI Fund designed and implemented the CDFI ERP post-award administration process, to include recipient monitoring, in compliance with the CAA, 2021, Uniform Guidance, and GAO Green Book. CDFI Fund management developed post-award and monitoring SOPs as well as the CDFI ERP Assistance Agreement (Assistance Agreement), which incorporated Uniform Guidance requirements to recipients. Furthermore, CDFI Fund management established: (1) procedures for evaluating CDFI ERP annual compliance reports; (2) a noncompliance process; and (3) a process for closing CDFI ERP awards. Accordingly, we did not make any recommendations in this report.

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<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 Uniform Guidance is an authoritative set of rules and requirements for federal awards.



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As part of our reporting process, we provided the CDFI Fund management an opportunity to comment on a draft of this report. In a written response, the CDFI Fund management acknowledged there was no recommendation and stated that they appreciated the work of Treasury OIG staff, and the opportunity to review and provide a response to the report. The CDFI Fund’s management 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 Regulatory Improvement Act of 1994*,<sup>9</sup> as a bipartisan initiative created for the purpose of promoting economic revitalization and community development through investment in and assistance to CDFIs. Since its creation, the CDFI Fund has awarded more than \$7.4 billion to CDFIs, community development organizations, and financial institutions through the: Bank Enterprise Award Program; Capital Magnet Fund; CDFI Rapid Response Program; CDFI Program, including the Healthy Food Financing Initiative; Native American CDFI Assistance Program; and Small Dollar Loan Program.

The CDFI Fund is led by the Director<sup>10</sup> who is supported by the Chief of Staff, the Chief Financial Officer, 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 who oversees the efforts of all the CDFI Fund’s award programs in support of the CDFI Fund’s strategic visions; and (2) the Deputy Director of Finance and Operations<sup>11</sup> who is responsible for

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

<sup>10</sup> On March 11, 2024, the CDFI Fund announced Pravina Raghavan as the new Director of the CDFI Fund.

<sup>11</sup> As of July 2024, the Operations Manager of the CDFI Fund currently serves as the Acting Deputy Director of Finance and Operations.

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developing policies, operating procedures, internal controls, and short- and long-term strategic plans for the CDFI Fund.

### CDFI ERP

Title V, Subtitle B, *Community Development Investment*, within Division N of the CAA, 2021, appropriated \$3 billion to the CDFI Fund, of which, up to \$1.75 billion shall be made available until expended to provide grants to CDFIs to respond to the economic impact of the COVID-19 pandemic.<sup>12</sup> To award these funds, the CDFI Fund established the CDFI ERP.

The CDFI ERP awards are provided to CDFIs to expand lending, grant making, and investment activity in low- or moderate-income communities and to borrowers, including minorities, that have significant unmet capital or financial service needs and were disproportionately impacted by the COVID-19 pandemic. CDFI ERP awards also enable CDFIs to build organizational capacity and acquire technology, staff, and other tools necessary to accomplish the activities.

### CDFI ERP Eligibility Requirements

To be eligible to apply for a CDFI ERP grant, organizations must have complied with all outstanding CDFI awards, allocations, or bond guarantee requirements, as well as meeting benchmarks for programmatic/financial safety and soundness. Furthermore, to be eligible for the CDFI ERP, the CDFI must have been certified as of the date the NOFA was published in the Federal Register.<sup>13</sup>

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<sup>12</sup> Of the \$3 billion, \$1.75 billion was allocated for the CDFI ERP. The remaining \$1.25 billion was allocated for the CDFI Rapid Response Program, which was not within the scope of this audit.

<sup>13</sup> The NOFA was published in the Federal Register on June 24, 2022.

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## 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 CDFI Financial Assistance Program awards, as well as training provided by the CDFI Fund through the Capacity Building Initiative.<sup>14</sup>

To become a certified CDFI, 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>15</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.

To qualify as a CDFI that served Native Communities, 50 percent or more of the applicant's past activities must have been directed to Native Communities and the applicant's certification target market must have met selected characteristics.

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<sup>14</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>15</sup> A target market refers to one or more investment area(s) 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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Once a CDFI has been certified, it must submit an Annual Certification and Data Collection Report (ACR) to allow the CDFI Fund to assess whether the organization remains in compliance with their certification requirements and to monitor any changes in the organization's financial and/or other data.<sup>16</sup>

### CDFI ERP Eligible Activities

The CDFI Fund will provide CDFI ERP awards in the form of grants to support eligible activities which may be expended as: (1) financial products and services; and (2) operational support.

Financial products and services may serve commercial real estate, small businesses, microenterprise, community facilities, and affordable housing, and also includes consumer financial products, consumer financial services, commercial financial products, commercial financial services, intermediary lending to non-profits and CDFIs, and other lines of business as deemed appropriate by the CDFI Fund in the following six eligible financial products and services categories: (i) financial products (e.g. loans and equity investments); (ii) financial services (e.g. providing checking and savings accounts); (iii) development services (e.g. activities that promote community development); (iv) grants (e.g. funds transferred without a repayment requirement to a person, business, or other organization); (v) loan loss reserves (e.g. award funds set aside in the form of cash reserves to cover losses on loans); and (vi) capital reserves (e.g. award funds set aside as reserves to support a CDFI's ability to leverage other capital for a specific purpose, such as providing financing).

A portion of a CDFI ERP award may also be used for the following seven eligible operational support categories: (i) compensation – personal services; (ii) compensation – fringe benefits; (iii) professional service costs; (iv) travel costs; (v) training and education costs; (vi) equipment; and (vii) supplies.

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<sup>16</sup> On December 7, 2023, the CDFI Fund announced the release of a revised CDFI certification application and related tools. As a result, all certified CDFIs are required to reapply for certification using the revised version of the certification application by December 20, 2024.

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For any award size, no more than 25 percent of the award amount may be used for financial services and development services combined. Also, recipients may use up to the greater of \$166,667 or 15 percent of their award amount, up to a maximum of \$400,000, for eligible operational support activities combined. Recipients are required to expend all funds by the end of the period of performance<sup>17</sup> on eligible activities.

### ERP-Eligible Geographies

To achieve the statutory objective of directing CDFI ERP activities to low- or moderate-income communities and to borrowers, including minorities, that have significant unmet capital or financial services needs, and were disproportionately impacted by the COVID-19 pandemic, the CDFI Fund has identified ERP-Eligible Geographies. These are defined as geographies that meet one of the following two criteria: (a) are census tracts<sup>18</sup> that (i) demonstrate “severe impact” of the COVID-19 pandemic; and (ii) have a median income at or below 120 percent of the area median income, and (iii) are CDFI Investment Areas; or (b) are Native Areas.

The list of ERP-Eligible Geographies is available on the CDFI Fund’s website. Data on ERP-Eligible Geographies is available through the CDFI Fund’s Community Impact Mapping System.<sup>19</sup> All CDFI ERP eligible activities must serve ERP-Eligible Geographies, except 10 percent of an award amount, which may be deployed outside of ERP-Eligible Geographies to serve low- or moderate- income persons and businesses (including non-profit organizations) disproportionately impacted by the COVID-19 pandemic.

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<sup>17</sup> The period of performance for each CDFI ERP award begins with the date that the CDFI Fund announces the recipients of the CDFI ERP awards and includes a recipient’s five full consecutive fiscal years after the date of the CDFI ERP award announcement.

<sup>18</sup> A census tract is considered to have experienced “severe impact” of the COVID–19 pandemic if it meets one or more of the following criteria: (a) demonstrates severe mortality; or (b) demonstrates severe change in unemployment; or (c) demonstrates low community resilience.

<sup>19</sup> The CDFI Fund’s Community Impact Mapping System is a mapping tool created to provide prospective applicants with the ability to search by address, census tract, and other geographic areas of interest to determine program eligibility for the Bank Enterprise Awards, CDFI Program, Capital Magnet Fund, CDFI ERP, Native American CDFI Assistance Program, and New Market Tax Credit Program.

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## CDFI ERP Reporting Requirements

Per the Assistance Agreement, throughout the period of performance, the recipient must provide to the CDFI Fund annual reports, which are comprised of two parts: (1) financial condition reports; and (2) performance reports. The CDFI Fund reviews these reports to monitor each recipient's compliance with the performance goals and measures (PG&Ms) set forth in the Assistance Agreement and assess the impact of the program.

The financial condition reports include:

1. A-133/Single Audit Report<sup>20</sup> (if applicable);
2. Financial Statement Audit (FSA) Report;<sup>21</sup> and
3. Transaction Level Report (TLR).<sup>22</sup>

The performance reports include:

1. Performance Progress Report;<sup>23</sup>

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<sup>20</sup> According to the Uniform Guidance, dated November 13, 2023, a non-Federal entity must complete an annual A-133/Single Audit Report pursuant to 2 CFR Part 200.500 if it expends \$750,000 or more in federal awards in its FY, or such other dollar threshold established by OMB pursuant to 2 CFR Part 200.501. If an A-133/Single Audit is required, the recipient must submit the audit report to the Federal Audit Clearinghouse 270 days after the organization's FY end date. Per the OMB Final Rule dated April 22, 2024, *Guidance for Federal Financial Assistance*, as of October 1, 2024, a non-Federal entity will be required to complete an annual A-133/Single Audit Report if it expends \$1 million or more in federal awards in its FY.

<sup>21</sup> Non-profit recipients (including insured credit unions and state-insured credit unions), for-profit recipients, depository institution holding companies, and insured depository institutions must submit an FSA report in AMIS, along with the recipient's statement of financial condition audited or reviewed by an independent certified public accountant. The FSA Report is due 180 days after the organization's FY end date.

<sup>22</sup> The TLR is comprised of different sections depending on the type and purpose of transactions being reported on as well as financial entity type and CDFI Fund award type. A recipient is expected to report on all their transactions in the TLR including grant activity regardless of whether the transaction is directly tied to their CDFI Fund award. Recipients submit one TLR to the CDFI Fund regardless of the number of awards they have. The TLR is due 180 days after the organization's FY end date.

<sup>23</sup> The Performance Progress Report details the recipient's progress towards meeting the specific required PG&M benchmarks in their Assistance Agreement. The Performance Progress Report is due 90 days after the organization's FY end date.

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2. Uses of Award Report;<sup>24</sup> and

3. ACR.<sup>25</sup>

On August 21, 2023, the CDFI Fund announced the addition of the Standard Form (SF) 425 Federal Financial Report as a reporting requirement for CDFI ERP recipients starting in fiscal year (FY) 2024. Specifically, the recipient must submit the SF-425 Federal Financial Report in AMIS to disclose how much of their CDFI ERP award funds were expended during the Federal Government's FY of October 1 through September 30. This report is due annually, beginning on October 15, 2024, and continuing through October 2028.<sup>26</sup>

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<sup>24</sup> The Uses of Award Report is used to determine recipient compliance with their PG&Ms and to demonstrate how CDFI ERP award funds are expended. The Uses of Award Report is due 90 days after the organization's FY end date.

<sup>25</sup> The ACR, which must be completed in the CDFI Fund's AMIS, allows the CDFI Fund to annually assess a CDFI's compliance with certification guidelines and collect data that provides insights into the CDFI industry. The ACR must be submitted by the due date indicated in AMIS.

<sup>26</sup> In the first SF-425 Federal Financial Report, the CDFI ERP recipient must disclose how much of the CDFI ERP award funds were expended from April 10, 2023, through September 30, 2024. The four following reports cover the funds expended from October 1 through September 30 of their respective years.

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## CDFI ERP Award Allocations

On April 10, 2023, the CDFI Fund awarded over \$1.73 billion in CDFI ERP grants to 604 CDFIs across the country.<sup>27</sup> CDFI ERP award amounts ranged from \$500,000 to \$6,197,097. See information in figure 1 related to the award recipients' commitments and allocation totals.

### **Figure 1. CDFI ERP Cumulative Award Allocations and Award Recipients**

- 222** Committed to serve Low- or Moderate-Income Majority Minority Census Tracts received a total of **\$705.6 million**
- 179** Committed to serve Minority individuals or Minority-owned or Controlled businesses received a total of **\$420.6 million**
- 134** Committed to serve Persistent Poverty Counties, Native Areas and/or U.S. Territories received a total of **\$441.5 million**
- 40** Committed to serve small businesses and farms received a total of **\$99.7 million**
- 29** Committed to increase the dollar volume of Financial Products closed and Grants made by their organizations in ERP-Eligible Geographies received a total of **\$71.4 million**

Source: Generated by Treasury OIG based on the CDFI Fund's CDFI ERP Award Announcement on April 10, 2023.

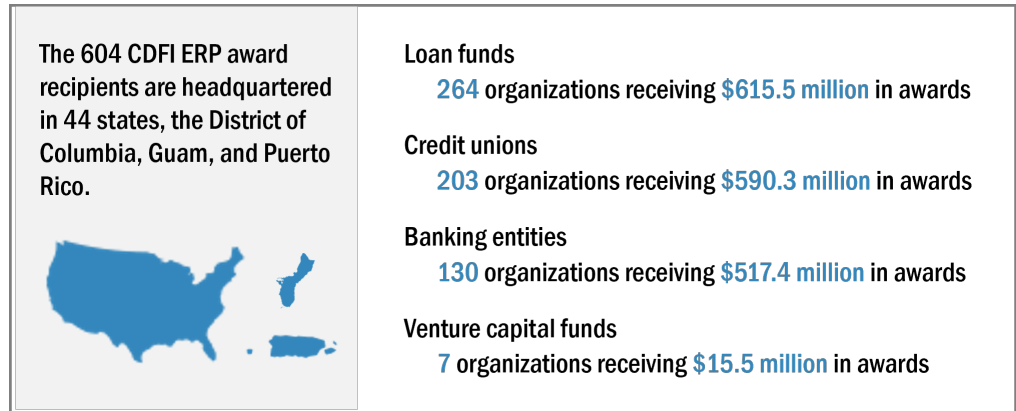
The 604 CDFI ERP award recipients are headquartered in 44 states, the District of Columbia, Guam, and Puerto Rico. Certified CDFIs can be one of a variety of financial institution types, including banks, credit unions, loan funds, or venture capital providers. Details described in figure 2.

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<sup>27</sup> The CDFI Fund awarded \$1.73 billion across all eligible applicants in a single program round. The CDFI Fund determined that the remainder of the \$1.75 billion would cover administrative expenses related to the program.



**Figure 2. CDFI ERP Cumulative Award Allocations by Type of Institution**



Source: Generated by Treasury OIG based on the CDFI Fund’s CDFI ERP Award Announcement on April 10, 2023.

## Audit Results

### The CDFI Fund Administered CDFI ERP Award Payments and Designed and Implemented Post-Award Procedures in Compliance With Federal Requirements

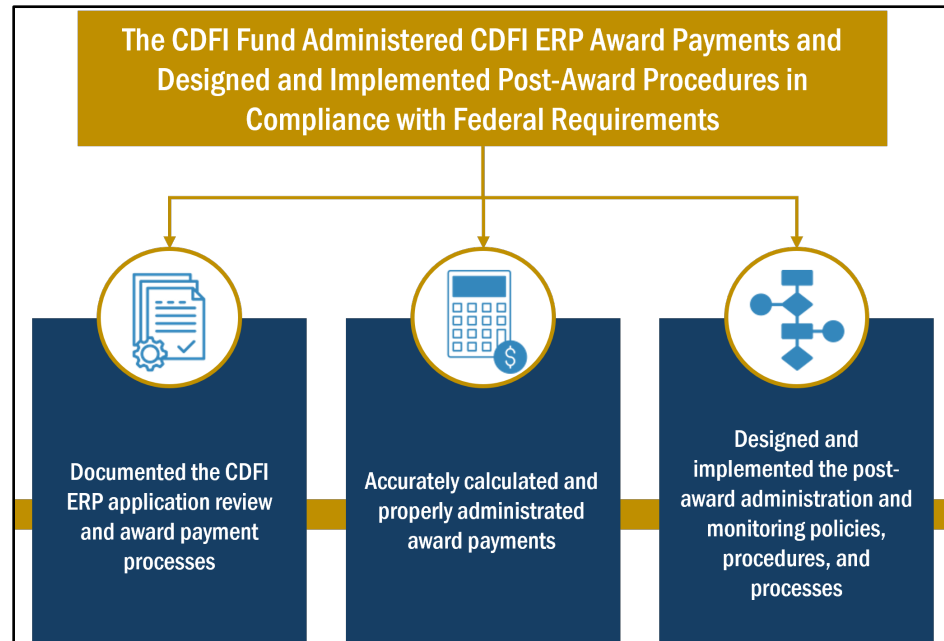
The CDFI Fund documented the CDFI ERP application review and award payment processes across multiple SOPs in compliance with requirements in the GAO Green Book. We tested 27 CDFI ERP award payments out of a population of 596 initial payments as of November 30, 2023. Based on our testing results, we determined that the CDFI Fund followed the award application review process and documented the four-step evaluation of each application for the sample we evaluated. Furthermore, the CDFI Fund adhered to the applicable Uniform Guidance and policies and procedures when processing payments. The CDFI Fund accurately made initial CDFI ERP award payments for the program, and we noted no issues or exceptions with the payments we tested.

The CDFI Fund also designed and implemented the CDFI ERP post-award administration and monitoring policies, procedures, and processes in compliance with the Uniform Guidance and the

GAO Green Book. Accordingly, we did not make any recommendations.

Summary described in figure 3.

**Figure 3. CDFI ERP Award and Post-Award Audit Results**



Source: Generated by Treasury OIG.

The CDFI Fund Documented Policies and Procedures for Determining and Processing CDFI ERP Awards in Accordance With the GAO Green Book



Consistent with GAO Green Book Principle 10, which states that “management should design control activities to achieve objectives and respond to risks,” and GAO Green Book Principle 12, which states that “management should implement control activities through policies,” the CDFI Fund created an application review process and documented it across multiple SOPs. For example, the CDFI Fund implemented the NOFA’s four-step evaluation process for each CDFI ERP application in the “CDFI ERP SOPs FY 2022 Steps A Thru E” and created separate, detailed job aids

for each step of the application review process. Summary described in figure 4.

**Figure 4. CDFI ERP Award Determination’s Four-Step Evaluation Process**



Source: Generated by Treasury OIG based on the FY 2022 CDFI ERP Application Evaluation Process.

As part of the first step of the application review process, the CDFI Fund evaluated each application to determine whether the applicant was eligible to qualify for an award. Consistent with GAO Green Book Principle 11, which states that “management should design the entity’s information system and related control activities to achieve objectives and respond to risks,” the CDFI Fund built validations into AMIS to automate the initial eligibility review checks. These review checks included checking whether the applicant attached the required documentation to their application; verifying whether the applicant attested and provided data to substantiate that 30 percent of the average annual financial products closed and grants made over the applicant’s five most recent historic FYs were in ERP-Eligible Geographies; and confirming that the applicant had attested that no affiliates were separately applying for a CDFI ERP award.

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Additionally, for each application, the CDFI Fund verified CDFI certification as of the date of the NOFA publication; ensured the applicant submitted the correct Unique Entity Identifier<sup>28</sup> and Employer Identification Number in their SF-424<sup>29</sup> and AMIS account; and conducted Do Not Pay<sup>30</sup> checks. Furthermore, the CDFI Fund sampled 350 CDFI ERP applicants to ensure that the attestations regarding their track records in ERP-Eligible Geographies were calculated accurately and found no issues. Additionally, the CDFI Fund conducted quality assurance reviews to ensure accuracy of all eligibility findings and documented the reason(s) for any ineligibility determinations.

Applicants deemed eligible to qualify for a CDFI ERP award based on the initial eligibility checks proceeded to the second step of the application review process. The second step involved the CDFI Fund conducting a basic financial soundness and compliance risk analysis of each applicant. For applicants deemed to have a high financial risk or a high compliance risk, the CDFI Fund conducted quality assurance desk reviews. Applicants that met the applicable scores on the financial and compliance metrics established in the NOFA proceeded to the third step of the application review process.

For the third step of the application review process, the CDFI Fund conducted application evaluations and initial funding recommendations. The CDFI Fund utilized External Reviewers<sup>31</sup> to evaluate and score applications based on the applicant's business strategy; community impact track record; policy priorities, projected performance and outcomes; and organizational capacity as part of the application review process. Each application received a score up to 100 points

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<sup>28</sup> The Unique Entity Identifier is a unique number assigned to all entities who register to do business with the federal government to streamline the entity identification and validation process.

<sup>29</sup> The OMB SF-424 is an application for federal assistance and must be submitted via Grants.gov.

<sup>30</sup> The Do Not Pay Portal, run by Treasury's Bureau of the Fiscal Service, allows federal agencies to check multiple data sources to verify initial and ongoing eligibility of a vendor, grantee, loan recipient, or other beneficiary to receive federal payments. Recipients may be ineligible because of previous default on federal debt, fraud, or other disqualifying factors.

<sup>31</sup> The External Reviewers were contracted, non-federal personnel selected based on criteria that included a professional background in affordable housing finance or in community and economic development finance. The External Reviewers were required to complete the CDFI Fund's conflict of interest process and be approved by the CDFI Fund.

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based on the evaluation. At the end of the evaluation, the External Reviewer was required to provide an award recommendation. As part of the award evaluation, the CDFI Fund also used Federal Reviewers<sup>32</sup> who: (1) conducted quality control reviews for the External Reviewer's evaluation and scoring of each application; (2) provided recommendations as to whether the application should be forwarded to next step for an award determination; and (3) recommended an initial award amount. The Federal Reviewer determined the initial award amount based on the numeric score calculated by the External Reviewer. However, if an applicant had an overall due diligence score<sup>33</sup> of "somewhat concerned," the Federal Reviewer reduced the award amount by 30 percent. Applicants that received a funding recommendation from both the External Reviewer and the Federal Reviewer advanced to the fourth step for award determination.

For the fourth step in the application review process, the CDFI Fund made award amount determinations for CDFI ERP recipients. The award determination step was consistent with GAO Green Book Principle 13, which states that "management should use quality information to achieve the entity's objectives." The Reviewing Official<sup>34</sup> ensured that applications that received a recommendation for award met all five of the minimal criteria. This criteria included: (1) the applicant's business strategy was minimally understandable and consistent throughout the application; (2) the applicant's business strategy

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<sup>32</sup> Federal Reviewers are internal reviewers, made up of CDFI Fund staff and other federal agency staff, as needed, who serve as team leaders for External Reviewers.

<sup>33</sup> The purpose of the due diligence review is to assess any potential compliance concerns for each CDFI ERP applicant. All CDFI ERP applicants that advanced to the third step of the evaluation process received a due diligence review by a Federal Reviewer. The level of concern will be either "not concerned," "somewhat concerned," or "very concerned." Applicants that receive a level of concern score of "not concerned" will not see a reduction in their initial award amount recommendation. Applicants that receive a level of concern score of "somewhat concerned" may be recommended for an award, but their recommended initial award size will be reduced by 30 percent. Applicants that receive a level of concern score of "very concerned" will not be recommended for an award.

<sup>34</sup> The Reviewing Official is responsible for: (1) reviewing applications in cases where either the External Reviewer or the Federal Reviewer does not recommend that the application be funded; (2) providing a recommendation to fund or not to fund an application; and (3) providing an initial award amount recommendation if the Federal Reviewer does not recommend funding the application and the Reviewing Official overturns this decision.

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was related to addressing the economic impact(s) of the COVID-19 pandemic on the communities, businesses and people the applicant proposed to serve; (3) the applicant proposed to use the award for eligible activities; (4) the applicant had the organizational capacity or a plan to grow organizational capacity to deploy at least a minimum award amount of \$500,000 during the five year period of performance; and (5) the applicant had an overall due diligence score of “not concerned” or “somewhat concerned.” If the applicant met the minimum criteria, they were recommended for a CDFI ERP award. Lastly, the Selecting Official<sup>35</sup> ensured that evaluations were conducted in accordance with the review guidance and made the preliminary award determination.

After all preliminary award determinations were made, the CDFI Fund imported the award data into the CDFI ERP Award Model and proportionally reduced the award amounts based on the award recommendation and the funding availability. To meet GAO Green Book Principle 10, which states that “management should design control activities to achieve objectives and respond to risks,” the CDFI Fund developed multiple validation checks to ensure award amounts were allocated properly. For example, the CDFI Fund designed the CDFI ERP Award Model to not allow any award amount to be: (1) less than the minimum award amount; and (2) less than the minimum award amount that the applicant requested.

Once award determinations were made, the initial award payment process began. The first step of the process required the recipient’s signature of the Assistance Agreement in AMIS. The CDFI Fund followed a process that included a series of reviews by the Program Staff, the Office of Compliance Monitoring and Evaluation (OCME) Portfolio Manager, the CDFI ERP Closing Manager, and the Financial Manager before sending the payment batches to the Bureau of the Fiscal Service for processing. As part of the payment review process, CDFI Fund staff conducted a series of quality assurance reviews to ensure that payments were processed accurately. If there were

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<sup>35</sup> The Selecting Official is responsible for conducting reviews based on the guidance to determine preliminary award amounts in accordance with the CDFI ERP Internal Review Guidance.

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discrepancies, the CDFI Fund staff worked with the recipient to remediate any payment issues.

Lastly, the audit team tested the design, implementation, and operational effectiveness of the internal controls deemed significant to the audit objective for the CDFI ERP award administration and noted no deficiencies. The CDFI Fund complied with the requirements in the GAO Green Book and OMB A-123<sup>36</sup> when administering the CDFI ERP.

### The CDFI Fund Evaluated CDFI ERP Applicants and Processed Award Payments Accurately



We tested 27 award payments out of a population of 596 initial CDFI ERP award payments as of November 30, 2023. We determined that the CDFI Fund ensured that: (1) the award determinations and evaluations were made in accordance with the CDFI Fund's policies and procedures; and (2) the CDFI ERP initial award payments were made accurately and in compliance with internal and external requirements. As part of our testing of the 27 sampled payments, we reviewed each CDFI ERP recipient's application and compared the review actions by the CDFI Fund with the four-step application review process documented in the policies and procedures. We noted no issues or exceptions with the accuracy or completeness of records for the initial award payments of the sample we tested.

Additionally, we reviewed the entire universe of 92 CDFI ERP applicants who did not receive a CDFI ERP award, to assess whether the CDFI Fund correctly determined the applicants' ineligibility in accordance with the applicable requirements in the CDFI ERP NOFA. We reviewed the CDFI Fund's written explanations, as well as the applicants' CDFI ERP applications and Internal Review Records from AMIS, to determine whether

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<sup>36</sup> On July 15, 2016, OMB published an update to Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. The Circular defined management's responsibilities for enterprise risk management and internal control. Additionally, the Circular provided updated implementation guidance to federal managers to improve accountability and effectiveness of federal programs as well as mission support operations through implementation of enterprise risk management practices and by establishing, maintaining, and assessing internal control effectiveness.

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the applicants were properly excluded from receiving CDFI ERP awards. We noted that all 92 applicants that did not receive an award were properly excluded, and that the CDFI Fund documented these reviews and justifications in accordance with the NOFA and internal policies and procedures.

### The CDFI Fund Administered CDFI ERP Awards in Accordance With Federal Guidance

The CDFI Fund administered CDFI ERP awards in compliance with applicable federal requirements, specifically 2 CFR Part 200, Subpart C, *Pre-Federal Award Requirements and Contents of Federal Awards*, and 12 CFR Part 1805, Subpart G, *Evaluation and Selection of Applications*.

The CDFI Fund established recipients' PG&Ms in each Assistance Agreement to achieve the statutory goals of the program and in compliance with 2 CFR Part 200.211(a), which states the following: "performance goals, indicators, targets, and baseline data must be included in the federal award, where applicable. The federal awarding agency must also specify how performance will be assessed in the terms and conditions of the federal award, including the timing and scope of expected performance." The PG&Ms ensure that recipients: (1) expend awards by a certain timeframe; (2) expend awards by a certain period to achieve applicable policy priorities; (3) expend funds in authorized eligible activities; and (4) expend a specific percentage of the award in program activities in ERP-Eligible Geographies. Recipients must also meet reporting requirements, maintain CDFI certification, and have no pending resolutions of noncompliance that would preclude them from receiving an award, prior to executing their Assistance Agreement. To ensure that recipients are meeting and will continue to meet these requirements, the CDFI Fund incorporated post-award monitoring steps within the OCME SOPs and conducted compliance checks prior to award funds being disbursed.

Furthermore, per 12 CFR Part 1805.803(a), "a recipient shall maintain such records as may be prescribed by the CDFI Fund that are necessary to: (1) disclose the manner in which CDFI Fund assistance is used; (2) demonstrate compliance with the requirements of this part and an Assistance Agreement; and



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(3) evaluate the impact of the CDFI Fund program.” The CDFI Fund incorporated these requirements into the award terms and conditions in the Assistance Agreement.

In accordance with 12 CFR Part 1805.802, which states that “assistance provided pursuant to this part may be provided in a lump sum or over a period of time, as determined appropriate by the CDFI Fund,” payment of an initial award amount was made at the initial closing when the Assistance Agreement and related documents were properly executed and delivered. The first payment was the estimated amount that the recipient stated they would use for eligible CDFI ERP activities in the first 12 months after the award. Following the initial closing, there may be subsequent closings involving additional award payments, up to a maximum of four subsequent award payments. Recipients may request subsequent payments once they expend at least 90 percent of the previous payment in a CDFI ERP eligible activity.

The CDFI Fund Designed and Implemented the CDFI ERP Post-Award Administration and Monitoring Policies, Procedures, and Processes in Accordance With Federal Guidance, the CDFI ERP NOFA, and the GAO Green Book



*Federal Guidance*

The CDFI Fund designed and implemented CDFI ERP post-award administration and monitoring policies and procedures in compliance with applicable requirements outlined in 2 CFR Part 200, Subpart D, *Post Federal Award Requirements*, sections 200.300 through 200.346, and 12 CFR Part 1805, Subpart H, *Terms and Conditions of Assistance*, sections 1805.800 through 1805.811. Specifically, the CDFI Fund designed the CDFI ERP NOFA, Assistance Agreement, and the OCME SOPs to include the Uniform Guidance post-award monitoring requirements. Furthermore, the CDFI Fund required CDFI ERP recipients to attest to adhering to the terms and conditions in their Assistance Agreement prior to disbursing award funds. The CDFI Fund also established protocols for data collection,

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reporting, and compliance with government requirements, consistent with 12 CFR Part 1805.

*CDFI ERP NOFA*

The CDFI Fund designed and implemented the CDFI ERP post-award administration and monitoring policies and procedures, as set forth in the Assistance Agreement and the OCME SOPs, in compliance with the CDFI ERP NOFA. According to the NOFA, CDFI ERP recipients must submit compliance reports annually during the period of performance based on the reporting schedules in their Assistance Agreements. The CDFI Fund uses these reports to monitor recipients' compliance with their PG&Ms and the requirements in the Assistance Agreement and the NOFA, and to assess the program's impact. Additionally, the Assistance Agreement includes the requirement that recipients must collect and report data on the race and ethnicity of borrowers and/or beneficiaries of the program, which the NOFA noted as an intention of the program.

*GAO Green Book*

The CDFI Fund designed report review processes for each of the required CDFI ERP compliance reports and a noncompliance process in AMIS consistent with GAO Green Book Principle 10, which states that "management should design control activities to achieve objectives and respond to risks," and GAO Green Book Principle 11, which states that "management should design the entity's information system and related control activities to achieve objectives and respond to risks." For each type of report, the review process starts with AMIS completing an automated compliance review to ensure validity, completeness, and accuracy. If a recipient's report does not pass the automated compliance review, the assigned OCME Portfolio Manager manually reviews the report to determine whether the recipient is compliant. If a recipient is found to be noncompliant, they are provided the opportunity to remedy the issue before sanctions are imposed by the CDFI Fund.

Also consistent with GAO Green Book Principle 10, the CDFI Fund designed processes for performing site visits and desk reviews. Site visits and desk reviews are conducted for

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recipients who received a high noncompliance severity level based on OCME’s risk-rating tool and were deemed noncompliant in previous periods of performance, or for those recipients with other indicators that show they would benefit from technical assistance. The CDFI Fund designed the site visits and desk reviews to detect mismanagement and abuse, assess performance, check compliance, and test the integrity of the data the recipients submit to document their PG&Ms.

Additionally, the CDFI Fund established CDFI ERP post-award administration and monitoring policies and procedures consistent with GAO Green Book Principle 12, which states that “management should implement control activities through policies.” Specifically, the CDFI Fund established the OCME SOPs and the OCME Site Visit and Desk Review SOPs<sup>37</sup> which outline the CDFI ERP compliance report review, noncompliance, and site visits and desk reviews processes, including staff responsibilities.

Furthermore, the CDFI Fund designed and implemented monitoring policies and procedures consistent with GAO Green Book Principle 16, which states that “management should establish and operate monitoring activities to monitor the internal control system and evaluate the results,” and GAO Green Book Principle 17, which states that “management should remediate identified internal control deficiencies on a timely basis.” Specifically, the OCME Internal Controls Framework Manual outlines the policies and procedures for maintaining and monitoring relevant internal controls throughout OCME’s processes, as internal controls are built into the OCME SOPs and the OCME Site Visit and Desk Review SOPs, along with possible corrective actions when internal control issues arise. The CDFI Fund completes an annual Internal Control Framework Assessment Workbook in which they evaluate the 17 principles and five components outlined in the GAO Green Book to determine whether their system of internal control reduces the risk of not achieving their objectives related to operations, reporting, or compliance to an acceptable level.

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<sup>37</sup> The OCME Site Visit and Desk Review SOPs document provided by the CDFI Fund was a draft version that was still being worked on as of June 12, 2024.

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While we were able to assess the design and implementation of the CDFI Fund’s post-award administration and monitoring policies, procedures, and processes, the audit team was unable to evaluate the operational effectiveness of the post-award monitoring process as only two of the required reports, the Financial Statement Audit Report and the A-133/Single Audit Report, were due from recipients prior to the end of fieldwork.

## Next Steps

### Post-Award Compliance Review for CDFI ERP Recipients

As of the end of our fieldwork, CDFI Fund management was in the process of completing user acceptance testing of the CDFI ERP Uses of Award Reports and Performance Progress Reports in AMIS with the first reports due July 31, 2024. CDFI Fund management anticipates the CDFI ERP recipients’ SF-425 Federal Financial Reports and ACRs by the annual deadlines of October 15, 2024, and December 20, 2024, respectively.

\* \* \* \* \*

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) 270-2766 or James Fuller, Audit Manager, at (202) 961-1080. Major contributors to this report are listed in appendix 3. A distribution list for this report is provided as appendix 4.

/s/

Daniel F. Gerges  
Audit Director, State and Local Fiscal Recovery, RESTORE, and  
CDFI Programs

## Appendix 1: Objective, Scope, and Methodology

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The objective of this audit was to assess the Community Development Financial Institutions (CDFI) Fund's award process for ensuring the accuracy of the CDFI Equitable Recovery Program (CDFI ERP) payments and the design of the post-award administration over recipient monitoring in compliance with applicable laws, regulations, and policies and procedures.

The scope of our audit included, but was not limited to, the: (1) assessment of the CDFI Fund's allocation methodologies; (2) determination of ERP-Eligible Geographies; (3) accuracy of award amounts and payments; and (4) adequacy of the CDFI ERP post-award reporting process. Our audit scope included the CDFI Fund's activities related to CDFI ERP applications, awards, and payments from June 24, 2022, through November 30, 2023.

To accomplish this audit objective, we performed the following procedures during audit fieldwork, conducted remotely from March 2024 to July 2024:

- Reviewed applicable laws, regulations, and policies and procedures, including:
  - Public Law 116-260, Title V, Subtitle B in Division N of the *Consolidated Appropriations Act, 2021*, December 27, 2020;
  - Public Law 103-325, *Riegle Community Development and Regulatory Improvement Act of 1994*, September 23, 1994;
  - 12 Code of Federal Regulations Part 1805, "Community Development Financial Institutions Program," August 31, 2015;
  - Office of Management and Budget (OMB), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 Code of Federal Regulations 200*, updated August 13, 2020 (effective November 12, 2020) and April 4, 2024 (effective October 1, 2024);

## Appendix 1: Objective, Scope, and Methodology

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- Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, September 2014;
- GAO, *Assessing Data Reliability*, December 2019; and
- OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, July 15, 2016.
- Reviewed GAO's *Standards for Internal Control in the Federal Government* to identify the components and principles of internal control that were significant in the context of the audit objective. Specifically, we evaluated the control environment, risk assessment, control activities, information and communication, and monitoring internal control components; and assessed policies, procedures, and guidance against the following principles:
  - Principle 3: *Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the objectives;*
  - Principle 8: *Management should consider the potential for fraud when identifying, analyzing, and responding to risks;*
  - Principle 9: *Management should identify, analyze, and respond to significant changes that could impact the internal control system;*
  - Principle 10: *Management should design control activities to achieve objectives and respond to risks;*
  - Principle 11: *Management should design the entity's information system and related control activities to achieve objectives and respond to risks;*
  - Principle 12: *Management should implement control activities through policies;*
  - Principle 13: *Management should use quality information to achieve the entity's objectives;*
  - Principle 14: *Management should internally communicate the necessary quality information to achieve the entity's objectives;*

## Appendix 1: Objective, Scope, and Methodology

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- Principle 15: *Management should externally communicate the necessary quality information to achieve the entity's objectives;*
- Principle 16: *Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results; and*
- Principle 17: *Management should remediate identified internal control deficiencies on a timely basis.*
- Reviewed the CDFI Fund's policies, procedures, and guidelines related to the administration of the CDFI ERP, including, but not limited to:
  - CDFI Equitable Recovery Program Standard Operating Procedures Fiscal Year (FY) 2022 Steps A Thru E, November 1, 2022;
  - FY 2022 CDFI Equitable Recovery Program Step 1: Eligibility Review Job Aid, October 18, 2022;
  - FY 2022 CDFI Equitable Recovery Program Step 2: Financial Analysis and Compliance Risk Evaluation Job Aid, October 7, 2022;
  - FY 2022 CDFI Equitable Recovery Program External Review Guide, (undated), provided on February 9, 2024;
  - CDFI ERP Internal Review Guidance: Federal Reviewer, Reviewing Official and Selecting Official, October 25, 2022;
  - FY 2022 CDFI Equitable Recovery Program: Debriefing Report Creation Job Aid, May 17, 2023;
  - CDFI ERP Regulator Data Job Aid, (undated), provided on February 9, 2024;
  - CDFI Equitable Recovery Program Job Aid – Award Workflow: Program Manager Guidance, August 1, 2023;
  - CDFI Equitable Recovery Program Job Aid – Assistance Agreement Closing Process – First Level Review, August 1, 2023;
  - FY 2022 Community Development Financial Institutions Equitable Recovery Program Assistance

## Appendix 1: Objective, Scope, and Methodology

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- Agreement Generation and Distribution Guidance, (undated), provided on February 9, 2024;
  - Community Development Financial Institutions Fund Standard Operating Procedures Monetary Programs - Award Accounting, (undated), provided on March 1, 2024;
  - CDFI Equitable Recovery Program Assistance Agreement Modification Policy, September 6, 2023;
  - CDFI Equitable Recovery Program Job Aid – Subsequent Payment Requests, November 29, 2023;
  - Grant Refund Process, (undated), provided on February 2, 2024;
  - CDFI ERP Notice of Funds Availability (NOFA), June 24, 2022;
  - CDFI ERP Key Staff List, as of January 25, 2024;
  - CDFI Fund Organizational Chart, as of March 21, 2024; and
  - Memorandum of Understanding Between the Community Development Financial Institutions Fund and the National Credit Union Administration, January 21, 2016.
- Reviewed the CDFI Fund’s policies, procedures, and guidelines related to the post-award administration and monitoring of the CDFI ERP, including, but not limited to:
    - Compliance Monitoring and Evaluation Unit Standard Operating Procedures, August 10, 2023;
    - Compliance Monitoring and Evaluation Unit Internal Controls Framework Manual, August 10, 2023;
    - Awards Management Information System (AMIS) Training Manual: Certification of Material Events Form for all CDFI Fund Programs, September 2023;
    - AMIS Training Manual: Standard Form 425 Federal Financial Report Completion Guidance September 2023; and
    - Compliance Monitoring and Evaluation Unit Site Visit and Desk Review Standard Operating Procedures, Draft version, April 2024.



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- Reviewed the Department of the Treasury (Treasury) Office of Inspector General (OIG) reports and GAO reports, including, but not limited to:
  - Treasury OIG, *Audit of the Community Development Financial Institutions Fund's Implementation of the CDFI Equitable Recovery Program*, OIG-23-033 (September 13, 2023);
  - Treasury OIG, *Audit of the Community Development Financial Institutions Fund's Award and Post-Award Administration of the CDFI Rapid Response Program*, OIG-23-032 (September 13, 2023);
  - Treasury OIG, *Audit of the Community Development Financial Institutions Fund's Implementation of the CDFI Rapid Response Program*, OIG-22-023 (December 21, 2021);
  - Treasury OIG, *Audit of the Community Development Financial Institutions Fund's Financial Statements for Fiscal Year 2023*, OIG-24-024 (January 29, 2024); and
  - GAO, *Community Development Financial Institutions: Analysis of Annual and Emergency Assistance and Treasury Efforts to Address Program Risks*, GAO-23-105952 (December 21, 2022).
- Assessed the reliability of CDFI ERP payment data as of January 26, 2024, from the Bureau of the Fiscal Service's accounting system and CDFI ERP award data as of November 30, 2023, from the CDFI Fund's AMIS. Both sets of information were provided to us by the CDFI Fund. We assessed the reliability of data by (1) performing electronic testing and reconciliation of the selected data elements for accuracy and completeness; (2) reviewing existing information about the payment data and systems that store the data; and (3) obtaining written statements from CDFI Fund officials knowledgeable about the data. We determined that the data was sufficiently reliable for the purposes of this audit report, therefore the data can be used for sampling.
- Obtained a statistical sample of 27 CDFI ERP payment recipients out of a universe of 596 CDFI ERP initial award payments issued prior to November 30, 2023, with a total outlay amount equal to \$1.4 billion. The sample selection

## Appendix 1: Objective, Scope, and Methodology

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was based on a 90 percent confidence level with a +/- 7 percent precision rate and a 5 percent anticipated error rate. We used a statistical sample instead of a judgmental sample because a statistical sample could be used to project results to the universe population of 596 CDFI ERP initial payments, whereas a judgmental sample could not be projected.

- Reviewed documentation related to the CDFI Fund's issuance of CDFI ERP payments to test for accuracy, including, but not limited to:
  - Payment Approval Process Flowchart, (undated), provided on February 9, 2024;
  - CDFI ERP Assistance Agreement (Assistance Agreement) template, July 2023;
  - CDFI ERP Award Sizing Workbook, April 7, 2023;
  - CDFI Certification List as of June 24, 2022, and March 15, 2024;
  - For each of the 27 sampled recipients, we reviewed each CDFI ERP recipient's:
    - 2022 CDFI ERP Application;
    - OMB Standard Form 424;
    - Unique Entity Identifier Profile;
    - CDFI ERP Scorecard;
    - Internal Review Record;
    - Executed Assistance Agreement;
    - Initial Payment Request; and
    - Award Detail Page.
- Reviewed the entire universe of 92 CDFI ERP applicants who did not receive an award to assess whether the CDFI Fund correctly determined the applicants' ineligibility in accordance with the applicable requirements in the CDFI ERP NOFA. Specifically, we reviewed the criteria set forth in the NOFA and compared the CDFI Fund's actions and justifications for determining whether CDFI ERP applicants who did not receive an award and evaluated whether it was justified. We reviewed the CDFI Fund's written explanations,

## Appendix 1: Objective, Scope, and Methodology

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applicants' Internal Review Records, and CDFI ERP applications to determine whether the applicants were properly excluded from receiving a CDFI ERP award.

- Reviewed reporting requirements and other documentation relevant to the post-award administration and monitoring of the CDFI ERP, including, but not limited to:
  - Required Annual Reports outlined in the Assistance Agreement:
    - Financial Statement Audit Report;
    - A-133/Single Audit Report (if applicable);
    - Performance Progress Report;
    - Transaction Level Report;
    - Uses of Award Report;
    - Annual Certification and Data Collection Report; and
    - Standard Form 425 Federal Financial Report.
  - Annual Report submission deadlines outlined in the Assistance Agreement; and
  - Performance Goals and Measures outlined in the Assistance Agreement.
- Performed walkthroughs of the CDFI Fund's award determination, award sizing, and the AMIS to gain an understanding of the CDFI Fund's award process and post-award administration and monitoring process related to the CDFI ERP. Additionally, we performed a walkthrough to test the design of the CDFI Fund's post-award administration and monitoring CDFI ERP grant recipients in AMIS.
- Interviewed key CDFI Fund personnel responsible for the award and post-award administration of the CDFI ERP:
  - Deputy Director for Policy and Programs and Program Manager for the CDFI ERP;
  - Senior Advisor to the Deputy Director of Policy and Programs;
  - Manager for Financial Strategies and Research;
  - Research Analyst for Financial Strategies and Research;

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- Program Manager for the Office of Compliance Monitoring and Evaluation;
- Program Manager for the Capital Magnet Fund and Closing Manager for the CDFI ERP;
- Associate Program Manager, CDFI ERP Compliance;
- Senior Accountant; and
- Legal Counsel.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix 2: Management Response



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

COMMUNITY DEVELOPMENT  
FINANCIAL INSTITUTIONS FUND

September 18, 2024

Daniel Gerges  
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 Audit of the Community Development  
Financial Institutions Fund's Award and Post-Award Administration of the CDFI Equitable  
Recovery Program

Dear Daniel Gerges:

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 Award and Post-Award Administration of the CDFI Equitable Recovery Program*.

### OIG Recommendation

None

### Management Response

The CDFI Fund appreciates the work of your staff, and the opportunity to review and provide a response to the report. If you have any questions, please contact Dietrich Douglas at 202-925-1420 or [douglasd@cdfi.treas.gov](mailto:douglasd@cdfi.treas.gov).

Sincerely,

Pravina A. Raghavan  
Digitally signed by  
Pravina A. Raghavan  
Date: 2024.09.18  
11:14:20 -04'00'

Pravina Raghavan  
Director  
CDFI Fund

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

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James Fuller, Audit Manager  
Lawrence Delva-Gonzalez, Auditor-in-Charge  
Kristin Prestel, Auditor  
Clint Hoellrigl, Auditor  
Kenna Stroop, Referencer

## **Appendix 4: Report Distribution**

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### **Department of the Treasury**

Secretary  
Deputy Secretary  
Under Secretary for Domestic Finance  
Assistant Secretary for Domestic Finance  
Assistant Secretary for Financial Institutions  
Deputy Assistance Secretary for Community and Economic  
Development  
Chief Program Officer, Office of Capital Access  
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  
Acting 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

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

Chairman and Ranking Member  
Committee on Financial Services

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