



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

November 16, 2015

OIG-CA-16-008

MEMORANDUM FOR JESSICA MILANO
DEPUTY ASSISTANT SECRETARY FOR SMALL BUSINESS,
COMMUNITY DEVELOPMENT AND AFFORDABLE
HOUSING POLICY

FROM: Theresa Cameron /s/
Director, Office of Small Business Lending Fund Program
Oversight

SUBJECT: Audit Termination Memorandum – State Small Business
Credit Initiative Venture Capital Funds Audit

In April 2014, we initiated an audit of State Small Business Credit Initiative (SSBCI)-funded venture capital programs. Our audit objectives were to (1) determine to what extent States operating venture capital programs had adopted the Department of the Treasury's (Treasury) recommended framework for identifying, monitoring, and managing compliance and oversight risks as outlined in the National Standards; and (2) estimate the amount of SSBCI capital obligated by states to venture capital programs that were at risk of not being expended by the end of the SSBCI program. For the reasons discussed below, we are terminating this audit.

Instead of continuing the April 2014 audit described above, we plan to assess the extent to which States operating venture capital programs have adopted Treasury's recommended framework through our ongoing and future audits of States' compliance with SSBCI program requirements. In this regard, we have ongoing audits of New York, New Hampshire, Arkansas, Oregon, and Rhode Island.

Additionally, we note that in October 2014 Treasury issued a revised Frequently Asked Question (FAQ)¹ regarding the restrictions and reporting requirements for

¹ Post-award/Compliance FAQ #10 "What restrictions and reporting requirements apply to SSBCI funds after the end of the Allocation Agreement?" updated October 2014.
<http://www.treasury.gov/resource-center/sb-programs/Pages/ssbci-faqs.aspx>.

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SSBCI funds after the termination of Allocation Agreements on March 31, 2017.² The FAQ states that although the reporting requirements of the Allocation Agreement terminate when the Allocation Agreement expires, the restrictions set forth in the Small Business Jobs Act, the Policy Guidelines, National Standards and SSBCI's FAQ will remain in effect and govern the original deployment of funds disbursed by the SSBCI program. We believe this FAQ adequately describes the expectation that States with venture capital programs must spend funds in accordance with all SSBCI guidance, even after the Allocation Agreements expire; and that the SSBCI program requirements do not end with the expiration of the Allocation Agreements.

We shared a draft of the memorandum with your staff and they had no comments.

Should you have any questions, please contact me at (202) 927-1011.

cc: Timothy Colon, SSBCI Senior Policy Advisor

² The Allocation Agreement is the binding, enforceable contract between a Participating State and Treasury regarding the use of allocated funds for approved state programs.