



**Economic Development –
Revolving Loan Fund
Follow-Up Audit Report A2014-10**

Issued by the
Internal Audit Office
August 28, 2014

**City of El Paso
Internal Audit Office
Economic Development – Revolving Loan Fund Follow-Up Audit A2014-10**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a Follow-Up Audit of the Economic Development – Revolving Loan Fund Audit Report dated April 9, 2013. The original Audit Report contained six findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Findings	Status
1	Program banks did not properly underwrite RLF loans. Our review of five (5) out of five (5) RLF loan files identified that the RLF Plan underwriting requirements were not met.	Not Applicable
2	A review of a sample of five (5) RLF loan packets identified five (5) out of five (5) RLF loan packets that did not contain the required supporting documentation.	Not Applicable
3	Payments to three (3) RLF write offs were not properly posted and allocated to the RLF Client Database maintained by Economic Development. This resulted in Loans Receivable being overstated by \$15,367.72. The misapplication also resulted in the improper write off of a loan that had been paid off.	Implemented
4	The RLF balance is not properly maintained by Economic Development. The RLF balance available for new loans is understated by \$102,238.53 and is not: <ul style="list-style-type: none"> • Accurately being reported to the U.S. Department of Commerce Economic Development Administration (“EDA”), • Maintained at a 75% utilization of funding rate, with 25% percent idle (reserve). • Maintained in an interest bearing account. 	In Progress
5	The Revolving Loan Fund has been inappropriately intermingled with funds from the North American Development Bank Community Adjustment and Investments Program (CAIP) funds.	Implemented
6	A review of the RLF write offs identified that the collection process is not adequate and not in compliance with the RLF Plan.	In Progress

For a detailed explanation of the findings and current observations please refer to the appropriate finding contained in the body of this Audit Report.

BACKGROUND

The City of El Paso and the County of El Paso established a Joint Revolving Loan Fund (RLF) under the terms of an Interlocal Agreement dated May 16, 2000. The initial funds available per the Interlocal Agreement were \$753,000.00. The initial contribution by the City of El Paso was \$586,000.00 and \$167,000.00 by the County of El Paso for a total of \$753,000.00. The City/County Revolving Loan Fund (RLF) targets small businesses that can best help the City/County achieve long term economic development objectives. Preference is given to City/County projects with the greatest impact on El Paso and those that locate in the Federal Empowerment Zone, State Enterprise Zone or Renewal Community. The RLF utilizes funds available from the U.S. Department of Commerce (DOC) Economic Development Administration (EDA), and the U.S. Department of Housing and Urban Development. The City’s Economic & International Development Department has been tasked with the administration of the RLF Program and facilitation of the appointment of the RLF Board. The RLF Board in turn governs the RLF Program. As of the semiannual report dated 3/31/2014, the RLF has issued a total of 53 loans totaling \$1,687,210. The most recent loan funded by the RLF Program was closed on October 30, 2009. The semiannual report dated 3/31/2014 listed 4 loans as active, 27 loans as inactive/paid off, and 22 loans as written off.

Due to the City of El Paso lacking the resources to successfully maintain the RLF Program, on May 20, 2014 it was unanimously approved by City Council “That the Director of Economic & International Development be authorized to sign a letter to the U.S. Economic Development Administration indicating the City’s intent to begin the process of substituting Accion Texas Inc. as the grantee and grant administrator for the Economic Development Administration Revolving Loan Fund.”

The U.S. Economic Development Administration (EDA) has approved the transfer of the RLF to Accion Texas Inc. The County of El Paso has chosen not to participate in the transfer of the RLF and has requested a payout of \$207,309.74 for their portion of the joint RLF Balance. Because the County is not participating in the transfer, the EDA has required that Accion Texas Inc. provide a match for the amount that is being paid out to the County. Accion Texas Inc. has agreed to make a partial contribution, with the City of El Paso contributing the rest out of CAIP (Community Adjustment and Investment Program) funds. The Economic & International Development Department is currently in the process of drafting a Chapter 380 Agreement with Accion Texas Inc.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations detailed in the original Audit Report dated April 9, 2013.

AUDIT SCOPE

The audit period covered the operations of Fiscal Year 2013 – 2014.

AUDIT METHODOLOGY

In order to achieve our audit objectives we:

- Conducted interviews with Economic & International Development Department's management and staff,
- Conducted interviews with Office of the Comptroller staff,
- Conducted a review of the administrative functions performed by the Economic & International Development Department,
- Reviewed RLF portfolio to identify new loans, paid-off loans, and write-offs,
- Verified that Economic & International Development adjusted its balances to reflect the reconciliation conducted by the Office of the Comptroller,
- Verified that Economic & International Development, in conjunction with the Office of the Comptroller, ensures that the RLF bank accounts accurately reflect RLF transactions,
- Verified that Economic & International Development is monitoring and managing the RLF in compliance with applicable laws, regulations, and agency policies,
- Verified that Economic & International Development is properly reporting the RLF balance,
- Identified if RLF idle balances are being maintained at the required utilization level and in an interest bearing account.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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.

ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT’S RESPONSE TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Finding: 1

Underwriting

Revolving Loan Fund Plan Part One. The Revolving Loan Fund Strategy:

- Section B. The Business Development Strategy,
 - 2. Targeted Loan Recipients states, “Companies requesting the use of this financing vehicle must be in good financial condition as well as exhibit the ability to repay the loan dollars.”
 - 3. Economic Development Objectives states, “The Revolving Loan fund will promote economic development and revitalization through implementation of the following objectives:...e. Enhance the formation and expansion of minority and women-owned business or HUB’s.”
- Section D. Financing Policies,
 - 2. Terms, RLF Funding Formula states, “The Revolving Loan Fund program requires the borrower to provide 10 percent of the equity, assets or cash investment in terms of financing the entire project.”
 - 3. Security states, “Personal guarantees are required from shareholders with 20 percent or more ownership in the applicant company.”

Revolving Loan Fund Plan Part Two. Revolving Loan Fund Operational Procedures:

- Section B. Loan Processing Procedures, 1. Standard Loan Application Requirements provides a listing of documentation that loan applicants must submit in order for the loan review and approval process to begin.
- Section C. Loan Closing and Disbursement Procedures, 2. Loan Closing Documentation Requirements states, “For all loans made by the RLF, the following documentation will be required prior to the loan closing:...Current appraisal(s) or other acceptable documentation of value of any real property real or personal property used as collateral...Current Uniform Commercial Code (UCC) filing on any personal property used as collateral.”

Based on our review, there were deficiencies noted in the underwriting of RLF loans. A 10 % sample was selected of the 53 EDA-funded RLF Loans. A total of five (5) loans were selected for review: 2 active loans and 3 loans that have been written off. The following deficiencies were noted:

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Deficiency	Description	# of Loan Files	Loan Numbers
1.	No indication of UCC filings being conducted prior to loan closing.	5	ED-5, ED-16, ED-31, ED-52, ED-53
2.	No indication of appraisal on the real property, machinery, or equipment that was used as collateral.	4	ED-16, ED-31, ED-52, ED-53
3.	Loan recipients did not provide 10% of the equity, assets, or cash investment in financing the entire project.	3	ED-16, ED-52, ED-53
4.	Loan recipients did not demonstrate good financial condition and the ability to repay the loan dollars.	2	ED-31, ED-53
5.	Loan recipients did not provide personal guarantees of 20% or more.	2	ED-5, ED-16
6.	No loan documents were located in file so the financial condition of the loan recipient could not be determined.	1	ED-53
7.	No indication that the loan enhanced the formation and expansion of minority, women-owned business or HUBs.	1	ED-31

Recommendation:

Economic Development Division should ensure that RLF loans are properly underwritten and loan packets are documented in accordance with the RLF Plan documentation requirements.

Management's Response:

Economic Development Staff is in the process of seeking a substitute grantee for the City/County Revolving Loan Fund. By acquiring a substitute grantee, the City of El Paso and the County of El Paso will no longer be responsible for reporting to the Economic Development Administration. Accion Texas has expressed an interest in becoming the substitute grantee for the City/County RLF program. Accion Texas provides loan opportunities for small businesses and entrepreneurs who do not have access to traditional loans.

In the interim, in order to prevent further discrepancies the Economic Development Division will develop a standard operating procedure, which will include a checklist of needed items on all future loan applications. The checklist shall be consistent with requirements in the Revolving Loan Fund Plan. Given that there are five active loans in the RLF portfolio no action will be taken on past accounts.

Responsible Party:

Marty Howell, Director of Economic Development and Sustainability

Implementation Date:

January 31, 2014

Current Observation

No loans have been underwritten since the completion of the Economic Development – Revolving Loan Fund Audit No. A2013-04. The most recent loan funded by the RLF Program was closed on October 30, 2009.

On May 20, 2014 it was unanimously approved by City Council “That the Director of Economic & International Development be authorized to sign a letter to the U.S. Economic Development Administration indicating the City’s intent to begin the process of substituting Accion Texas Inc. as the grantee and grant administrator for the Economic Development Administration Revolving Loan Fund.”

As of August 28, 2014 Economic & International Development was in the process of drafting a Chapter 380 agreement with Accion Texas Inc. to take over the Program.

Status

Not Applicable

Finding: 2

RLF Loan Packets

Revolving Loan Fund Plan Part Two. Revolving Loan Fund Operational Procedures:

- Section C. Loan Closing and Disbursement Procedures, 3. Loan Disbursement Requirements states, “Depending on the type of loan requested, the borrower must provide proof that the loan processed will be used for the intended purposes prior to disbursement.”
- Section D. Loan Servicing Procedures, 2. Loan Monitoring Procedures states, “Each RLF borrowing company will be required to submit an unaudited quarterly financial statement, prepared by a Certified Public Accountant...companies may be required to submit proof of purchase of property insurance.”

Based on our review, there are inconsistencies in documents maintained in the RLF Loan Files. A 10 % sample was selected of the 53 EDA-funded RLF Loans. A total of five (5) loans were selected for review: 2 active loans and 3 loans that have been written off. The deficiencies identified are as follows:

Deficiency	Description	# of Loan Files	Loan Numbers
1.	Borrower did not provide proof that loan proceeds were going to be used for the intended purposes prior to disbursement.	5	ED-5, ED-16, ED-31, ED-52, ED-53
2.	Borrowers have not been submitting an unaudited quarterly financial statement prepared by a Certified Public Accountant.	5	ED-5, ED-16, ED-31, ED-52, ED-53
3.	Borrowers did not provide proof of property insurance.	3	ED-16, ED-31, ED-52

Recommendation:

Economic Development Division should ensure that RLF loan packets are documented in accordance with the RLF Plan documentation requirements.

Management's Response:

Staff that is currently employed with the Economic Development Division did not participate in any of the underwriting procedures or servicing of loans in the current RLF portfolio. However, Economic Development Staff will develop loan procedures that include a checklist to ensure the loan process is consistent with the RLF Plan on all future loans.

Staff will also request that City Council amend the RLF Plan by removing the requirement for quarterly financial statements. Requiring quarterly financial statements is costly and difficult for small businesses that require gap financing.

Economic Development Staff will send out a letter on a yearly basis requesting proof of property insurance. Furthermore, prior to approving any loan, property insurance will be part of the checklist of items necessary for a complete loan application.

Responsible Party:

Marty Howell, Director of Economic Development and Sustainability

Implementation Date:

January 30, 2014

Current Observation

No loans have been underwritten since the completion of the Economic Development – Revolving Loan Fund Audit No. A2013-04. The most recent loan funded by the RLF Program was closed on October 30, 2009.

A review of the 4 remaining RLF loans identified that borrowers continue to not submit unaudited quarterly financial statements prepared by a Certified Public Accountant as required by Section D. of the Loan Servicing Procedures.

Status

Not Applicable – The Economic & International Development Department will assume the risk of not requesting unaudited quarterly financial statements from active RLF loan borrowers.

Finding: 3

RLF Loan Servicing

Revolving Loan Fund Plan Part Two: Revolving Loan Fund Operational Procedures, Section D. Loan Servicing Procedures states:

“The City’s EDD or designated Program Administrator will be responsible for the continuous monitoring of each RLF loan in all stages of the loan process: application, approval, post loan disbursement and the entire repayment period...each loan will have its own portfolio of timely information.”

A reconciliation conducted by the Financial Services Department of the RLF portfolio identified that payments to three RLF write offs were not properly posted and allocated to the RLF Client Database maintained by the Economic Development Division. This resulted in Loans Receivable being overstated by \$15,367.72. The misapplication also resulted in the improper write off of a loan that had already been paid off.

RLF Loan Number	Economic Development RLF Balance as of 8/31/2011	Balance per Financial Services Reconciliation	Adjustment made to Loans Receivable by Financial Services
ED-16	\$ 6,134.59	\$ 3,372.94	\$ (2,761.65)
ED-31	\$ 5,220.36	\$ 5,336.23	\$ 115.87
ED-5	\$ 12,721.94	-	\$ (12,721.94)
Totals:	\$ 24,076.89	\$ 8,709.17	\$ (15,367.72)

Recommendation:

Economic Development Division should:

- Adjust its current balances to reflect the reconciliation conducted by the City of El Paso’s Financial Services Department.
- No longer report ED-5 as a “Write-off” but instead as “Paid Off.”

Management’s Response:

Staff will work with the City’s Financial Services Department and the Economic Development Administration to adjust balances on subject loans listed in the Revolving Loan Portfolio. In order to ensure the proper posting of future payments, the Economic Development Department will begin reconciling Economic Development Administration documents with the payments submitted to the Financial Services Department on a semiannual basis. Furthermore, the second semi-annual report due on October 31, 2013 to the Economic Development Administration will be updated to reflect corrections to the discrepancies reported by this audit.

Responsible Party:

Marty Howell, Director of Economic Development and Sustainability

Implementation Date:

December 31, 2013

Current Observation

The Economic & International Development Department:

- Has adjusted its balances to reflect the reconciliation conducted by the Office of the Comptroller.
- No longer reports ED-5 as a “Write-off” but instead as “Paid Off.”

Status

Implemented

Finding: 4

RLF Available Balance

Revolving Loan Fund Plan Part Two: Revolving Loan Fund Operational Procedures, Section E. Administrative Procedures states:

“The RLF program will strive to exceed more than a 75 percent utilization of funding rate, meaning that we will strive to keep less than 25 percent idle. All idle RLF dollars will continue to gain interest in an interest bearing City of El Paso account (RLF).”

The RLF Loan balance is not properly maintained and reported by the Economic Development Division. Economic Development is understating the RLF available balance by \$102,238.53.

- In the “Semiannual Report for EDA-Funded RLF Grants” for the period ending 9/30/2012, Economic Development reported an available (idle) RLF balance percentage of 70.77% with a balance of \$453,708.41.
- For the same period, the RLF Wells Fargo bank balances totaled \$555,946.94. The balance consisted of:
 - \$447,761.11 that is maintained in a non-interest bearing account.
 - \$108,185.83 that is being maintained in a Money Market Mutual Fund that earns 0.01% annually. The Economic Development Division was unaware of this separate account containing RLF funds.

Recommendation:

Economic Development Division should properly report the RLF balance and maintain idle RLF dollars at the required utilization level and in an interest bearing account.

Management’s Response:

Staff is working to acquire a substitute grantee for the RLF Program. The process for acquiring a substitute grantee is contingent on three actions taking place. First, El Paso’s City Council must approve and submit a letter of intent to the Economic Development Administration. Second, the

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substitute grantee must also submit a similar letter of intent to the Economic Development Administration. Finally, the Economic Development Administration will review the two letters of intent and approve or disapprove the request. This process is estimated to take between six to eight months. In the interim, Economic Development Staff will not make loans in order to minimize the number of loans on the RLF's loan portfolio; this will facilitate the transfer of the RLF program to a substitute grantee.

Given that existing staff has limited historical knowledge of the City/County Revolving loan fund program; Economic Development Staff will make it standard operating procedure to closely work with Financial Services to reconcile balances every six months before semiannual reports are submitted to the Economic Development Administration.

Responsible Party:

Marty Howell, Director of Economic Development and Sustainability

Implementation Date:

January 31, 2014

Current Observation

The RLF Loan balance continues to not be properly maintained and reported by the Economic & International Development Department. Economic & International Development is understating the RLF available balance by \$76,188.00.

- In the “Semiannual Report for EDA-Funded RLF Grants” for the period ending 3/31/2014, Economic & International Development reported an available (idle) RLF balance percentage of 82.56% with a balance of \$552,970.88.
- For the same period, the RLF Wells Fargo bank balances and the balances maintained by the Office of the Comptroller totaled \$629,158.88. The balances consisted of:
 - \$520,956.37 that is maintained in a non-interest bearing account.
 - \$108,202.51 that is being maintained in a Money Market Mutual Fund that earns 0.01% annually.

Other Observation

The “Principal Outstanding” balance of \$116,840.61 reported in the “Semiannual Report for EDA-Funded RLF Grants” report does not correspond to the total of the balances of \$116,822.40 (a difference of -\$18.21) listed for the same period in the RLF payment records and by the Office of the Comptroller.

- The balances for three out of the four active loans are not being accurately reported.
- The discrepancies are for immaterial amounts, but may cause difficulties when the loans are paid off or written off.

Status

In Progress – The Economic & International Development Department will assume the risk of not properly maintaining and reporting the RLF balance.

Finding: 5

Intermingling of RLF Funds

Revolving Loan Fund Plan Part Two: Revolving Loan Fund Operational Procedures, Section E. Administrative Procedures states:

“The joint Revolving Loan Fund will be comprised of one account with contributions made by the City in the starting amount of \$586,000 (77.82%) and the County in the amount of \$167,000 (22.18%).”

During the period of June 2004 to April 2010 transactions for the North American Development Bank Community Adjustment and Investments Program (CAIP) Fund and RLF Program were intermingled. Reconciliations conducted by the Financial Services Department identified the misapplication of transactions between the two accounts. Credit memos were issued to rectify the incorrect postings to both the CAIP Fund and the RLF accounts.

Activity		Amount Adjusted to RLF Account
CAIP transactions posted to RLF:	\$ 232,978.14	\$ (232,978.14)
RLF transactions posted to CAIP:	\$ 154,239.21	\$ 154,239.21
Total:	\$ 387,217.35	Net: \$ (78,738.93)

Recommendation:

Economic Development Division, in conjunction with Financial Services, should ensure the RLF bank account accurately reflects RLF transactions.

Management’s Response:

Economic Development Staff will reconcile balances with Financial Services on a semiannual basis (March & September) to ensure proper reporting to the Economic Development Administration.

Responsible Party:

Marty Howell, Director of Economic Development and Sustainability

Implementation Date:

January 31, 2014

Current Observation

The RLF bank account accurately reflects RLF transactions.

- There were no transactions for the CAIP fund posted to the RLF account.
- RLF loan payment deposits correspond to the active RLF payment reports.

Status

Implemented

Finding: 6

Review of RLF Write offs

Revolving Loan Fund Plan Part Two: Revolving Loan Fund Operational Procedures,

- Section D. Loan Servicing Procedures,
 - 2. Loan Monitoring Procedures states, “*Borrower site visits will take place on an annual basis to insure that the company is visually in operation and to verify that collateralized machinery and equipment remains on the premises in good working condition.*”
 - 3. Late Payment Follow-Up Procedures state, “*Late payment that exceeds 30 days warrants a site visit by the Bank in order to discuss repayment...The Bank will notify the City’s EDD or designated Program Administrator of all late and/or default loans and their status on a monthly basis.*”
- Section E. Administrative Procedures,
 - 2. Procedures for Complying with Economic Development Administration and Texas Department of Housing and Community Affairs Reporting Requirements states, “*It is also the responsibility of the City’s EDD or Program Administrator to monitor the level of funds available for lending and to allocate the appropriate dollars to the administration account of the RLF.*”

A sample of three (3) RLF write offs was conducted in order to conduct a detailed review of the RLF collection process. The following results were obtained from all three of the loans reviewed:

- Revenues derived from the application and closing fees charged to loan recipients are not properly tracked and used for the administrations of the RLF Program.
- Borrower site visits are not being conducted on an annual basis.
- Site visits by participating Banks are not conducted when late payments exceed 30 days.
- Participant Banks do not notify Economic Development or the designated Program Administrator of late and/or default loans and their status on a monthly basis.

An analysis of the 23 RLF loans that have been written off as of September 30, 2012, identified the following statistics which may provide an indication as of the underlying factors for the non-performance of the RLF write-offs:

- 78.13% of the write-offs were granted to service businesses.
- 79% of the write-offs were granted for startup purposes.
- 53.42% of write-offs were granted for working capital.
- 64% of write-offs were underwritten by J.P. Morgan Chase Bank.
- 43.48% of write-offs were issued in the amounts between \$10,001 and \$20,000.
- 69% of the write-offs were written off in 2008.

Recommendation:

Economic Development Division should ensure the remaining active RLF loans are properly monitored and serviced in accordance with the RLF Plan.

Management’s Response:

Economic Development Staff will begin conducting site visits on the five remaining loans that are outstanding and for any future loans that are provided under the City/County RLF program. The site visits will all be scheduled in October, which coincides with the second reporting period for the Economic Development Administration.

When borrowers do not submit payments as required in the loan agreement, Economic Development staff will mail out notification letters to the program lenders reminding them of their responsibilities with respect to the program lender agreement.

Responsible Party:

Marty Howell, Director of Economic Development and Sustainability

Implementation Date:

January 31, 2014

Current Observation

During the review period there were four active RLF loans.

- Borrower site visits were conducted on two out of the four (50%) remaining RLF active loans.
- There is no indication that site visits by participating Banks are conducted when late payments exceed 30 days.
- There is evidence that Participant Banks are notifying Economic & International Development of late and/or default loans and their status on a monthly basis.
- Economic & International Development was notified in 2012 of the default status of ED-51, one of the active loans, but has not reported the loan as “in default” in the Semiannual Report for EDA-Funded RLF Grants.

Status

In Progress – The Economic & International Development Department will assume the risk of not properly monitoring and servicing active RLF loans in accordance with the RLF Plan.

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

We have concluded our audit work on the objectives of the Economic Development – Revolving Loan Fund Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with Generally Accepted Government Auditing Standards we are required to conclude on whether the Economic & International Development Department met the objectives of this audit. The following is our conclusion.

The Economic & International Development Department has met the Audit objectives in the following areas:

- No additional loans have been issued under the RLF Program.
- Actions have been taken to begin the process of substituting Accion Texas Inc. as the grantee and grant administrator for the RLF.
- The RLF Client Database has been adjusted to reflect the reconciliations conducted by the Office of the Comptroller.
- The CAIP funds have been maintained separate from the RLF funds.

The Economic & International Development Department has not met the Audit objectives in the following areas:

- The RLF Loan balance continues to not be properly maintained and reported by the Economic & International Development Department.
 - The majority of the RLF balance is not being maintained in a non-interest bearing account.
 - In the “Semiannual Report for EDA-Funded RLF Grants” for the period ending 3/31/2014, Economic & International Development reported a different balance than the one maintained by the Office of the Comptroller and the Wells Fargo bank balance.
- There continues to be deficiencies in the collection and oversight of the active RLF loans.
 - Borrower site visits were conducted for 50% of the active RLF loans.
 - There is no indication that site visits are conducted by participating Banks.
 - Economic & International Development has failed to report loan ED-51 “in default” in the Semiannual Report for EDA-Funded RLF Grants since its default status in 2012.

Based on our review, the City of El Paso’s Economic & International Development Department should continue its efforts to transfer the RLF Program to Accion Texas Inc. or should consider phasing out the RLF Program.

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We wish to thank the management and staff of the Economic & International Development Department for their assistance and courtesies extended throughout this audit.

Signature on File
Edmundo S. Calderón, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Signature on File
Liz De La O, CFE, CIA, CGAP, MPA
Lead Auditor

Signature on File
Miguel Montiel, CIA, CGAP
Audit Supervisor

Distribution:

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