U.S. Department of the Treasury

**State Small Business Credit Initiative**
**APPLICATION ATTACHMENT**
**SECTION 5B – Reporting Mechanisms, Audits, or Other Activities**

**Section 1: Applicant Information**

***1A.*** *Enter the name of the Applicant:* City of Mandan and Co-Applicants

***1B.*** *Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.*

Organization Name: City of Mandan Business Development & Communications Department

**Section 5: Compliance.**

**4H.** *Applicants should use the space provided below to provide a narrative statement describing what reporting mechanisms, audits, or other activities (a) the Applicants has in place or (b) need to be implemented to enable the Applicant to conduct oversight and meet annual reporting requirements for the proposed programs.*

The applicant will enter into a cooperative agreement with the all other applicants of the consortium. The consortium will be led by the City of Mandan. The City of Mandan will be the recipient of all funds awarded to the consortium based on its combined represented population. The applicant, as part of the consortium, will contract with the Lewis and Clark Regional Development Council (LCRDC) for administration of loan participation programs.

All funds for all municipalities and tribes participating in the consortium will be pooled and made available via loans to businesses in the participating cities. No funds will be set aside for use in any particular city, but rather will be available to qualified business applicants in participating cities on a first-come, first-served basis.

The City of Mandan will deposit Treasury Department allocations into a segregated FDIC insured bank account. As contracted administrator, the Lewis and Clark Regional Development Council will will submit invoices to the City of Mandan for allowable expenses related the the SSBCI program. Expenses will not exceed 5% of the initial round of funding and 3% of each subsequent round of funding. They will then draw funds as needed for approved loans. The City of Mandan will review all requests for administration from the contractor and will periodically, no less than annually, review the records of the contractor to insure compliance. The consortium will require the contractor to submit annual audited financial reports to the consortium.

LCRDC will set up a segregated FDIC insured account and all loan re-payments will be deposited into that account. LCRDC will use that account to fund all loan requests on revolved funds.

The applicant will oversee the contractor, LCRDC, by appointing a representative to a steering committee that will consist of one representative from each municipality or tribe in the consortium. The applicant will require monthly reports of loan activity. The applicant will ensure that the LCRDC file accurate, complete and timely reports to the U.S. Department of Treasury on a quarterly and annual basis or as otherwise required in the allocation agreement.

With respect to reporting, the applicant recognizes that their role is primarily to work with the contractor to assemble and submit to Treasury all quarterly and annual reports and certifications pursuant to requirements of an allocation agreement on behalf of the other consortium members. The applicant will review quarterly and annual reports for accuracy and completeness and compliance with the requirements of the SSBCI Act and the allocation agreement prior to submission to Treasury. The applicant will maintain records of reports and financial documents provided by the contractor, including those required to verify the eligibility of loans and program expenditures. The applicant will also maintain records related to the performance of the LCRDC. An annual meeting of the steering committee will be held for purposes of reviewing the annual audit report, other financial reports, and a performance appraisal of the LCRDC to assure sound management of programs, appropriate risk management, adequate financial record-keeping and thorough reporting.

Each applicant has identified a representative to serve on the Steering Committee. The list of representatives, their title and a brief biography of each is attached. The attachments is titled "Attachment for Section 5B-Reporting Mechanisms-Audits-Other Activities - Addendum".

Another layer of oversight will come in the form of a Loan Committee consisting of approximately 15-members as follows:

- 1 member for each municipality with a population greater than 10,000

- 1 additional member for each additional 30,000 population from municipalities with populations greater than 10,000

- 3 members elected by the remaining municipalities and the tribe that are part of the consortium.

The Loan Committee will be experienced in commercial lending, business start-up and expansion, and economic development. The Loan Committee will approve and deny loans based on the guidelines outlined in Form 4A.

The applicant will review and reconsider its appointment(s) to the Steering Committee as well as the Loan Committee every two years or more frequently if necessitated by a vacancy or poor performance.

Lewis and Clark Regional Development Council

The Lewis and Clark Regional Development Council indicates that it maintains its accounting records and reports in a manner that conforms to certain Federal Circulars e.g., A-87, A-128. LCRDC has hired an independent accounting firm, Mahlum and Goodhart P.C., to perform the accounting functions for the office as well as prepare all financial reports. Eide Bailly, LLP audits LCRDC on an annual basis. The audit is performed in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Further, the audit is performed as required by the U.S. according to U.S. Office of Management and Budget Circular A-133, “Audits of State, Local Governments, and Non-Profit Organizations. This audit would be available to the Department of the Treasury for review.

Distribution of expenditures generated during an accounting period (monthly) are based on employees' time sheets and also recorded on personnel cards. Postings are made to unapplied funds, funds applied and expenditure accounts in general ledger form common or distributive costs i.e., rent, telephone, supplies, etc. are charged prorate, based on personnel costs applicable to the various funding resources. Trial balances, cash flow and bank statement reconciliation are prepared on a monthly basis.

Currently, LCRDC reports on a quarterly and semi-annual basis to several federal agencies including, Economic Development Administration, USDA Rural Development, Department of Housing and Urban Development. LCRDC has had reporting requirements with all of these agencies for over 20 years and has been in compliance with all reporting requirements.

LCRDC has the mechanisms in place to collect data from the borrowers, lenders and other participating entities and has the mechanisms in place to compile that data to prepare reports for the programs in an accurate and timely manner.