



**Mecklenburg County
Department of Internal Audit**

Office of Economic Development
Small Business Emergency Stabilization Loan Audit
Report 2164

September 28, 2022

Internal Audit's Mission To support key stakeholders in cultivating an environment of accountability, transparency, and good governance.

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MECKLENBURG COUNTY
Department of Internal Audit

To: Peter Zeiler, Director
Office of Economic Development

From: Terry Thompson, Director
Department of Internal Audit

Date: September 28, 2022

Subject: Office of Economic Development Small Business Emergency Stabilization Loan
Audit Report 2161

The Department of Internal Audit has completed an audit of the Office of Economic Development Small Business Emergency Stabilization Loan process to determine whether internal controls effectively manage key business risks inherent to this activity. Internal Audit interviewed key personnel, reviewed and evaluated policies, procedures, and other documents, and tested small business loan files and activities from the beginning of the program through fiscal year (FY) 2021.

This audit was conducted in conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. These 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.

OVERALL EVALUATION

Overall, key risks inherent to the small business emergency stabilization loan process were managed to an acceptable level and no significant weaknesses were identified. As such, our report contains no risk observations and recommendations.

We appreciate the cooperation you and your staff provided during this audit. Please feel free to contact me at 980-314-2889 if you have any questions or concerns.

c: County Manager	Deputy County Attorney
Deputy County Managers	Board of County Commissioners
County Attorney	Audit Review Committee

BACKGROUND

The Department of Office of Economic Development (OED) manages Mecklenburg County's participation in the Business Investment Program and other economic development grants. OED assists with the redevelopment of County-owned real estate, while working closely with partner organizations such as the NC Department of Commerce, City of Charlotte, Charlotte Regional Business Alliance, Charlotte Center City Partners, Lake Norman Economic Development Cooperation (EDC), Lake Norman Chamber, Central Piedmont Community College, Centralina Council of Government (COG) and others to create effective partnerships.

Small Business Emergency Stabilization Loan Program Overview

In response to the plight of small businesses in Mecklenburg County, OED was tasked with overseeing a Small Business Emergency Stabilization Loan program. This program was designed offer loans that would sustain small businesses through and after the pandemic. To administer the loans, the OED contracted with the Carolina Small Business Development Fund (CSBDF). CSBDF would be responsible for handling loan applications from inception to fund disbursement. The contract requires CSBDF to provide reporting to the OED on loan status, delinquency, demographics, etc.

Loan Requests

During the period of April 2020 through February 2021, OED and CSBDF received a total 629 applications with a budget of approximately \$5M. Overall, 217 of applications were approved and 412 applications were denied.