

STATE OF NEW HAMPSHIRE
 Community Development Finance Authority
 AUDIT FINDING Corrective Action Plan
 July 2015 6-month Status Report
 (Shaded areas indicates item completed in previous report)

Completion Status: Open •
 Partial ••
 Substantial •••
 Full ••••

#	Observation Title	Recommendation	Action Item	Due date	Completion Status	Comments
1	Adhere to Statutory Purpose & Improve Project Approval Documentation	<i>CDFA focus awards on projects conforming to statutory purpose and ensure purposes are explicitly met and clearly documented to demonstrate conformity with Legislative intent</i>	Implemented specific changes to application and internal review procedures to more specifically identify and demonstrate compliance with legislative intent.	Completed	*****	
2	Divest from DADCo	<i>Seek statutory changes to form separate corporations; CDFA divest itself from DADCo</i>	CDFA's authorization allows formation of separate entities.	Completed	*****	
			CDFA Board and Staff are analyzing the long term financial strategy of DADCo. CDFA is performing a list of options including possible restructuring or liquidation.	Ongoing	***	Under RSA 91-A:3 II (d), CDFA is prohibited from publically disclosing consideration "of the acquisition, sale, or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are adverse to those of the general community." Disclosure of discussion with parties regarding liquidation of real estate would have such effects.
3	Dissolve Community Development Fund of NH	<i>Dissolve CDF; Seek statutory changes to form separate corporations</i>	CDFA Board will dissolve the CDF in February.	completed	*****	
			CDFA's authorization allows formation of separate entities.	completed	*****	
4	Define Key Terms	<i>Create administrative rules for tax credit program</i>	CDFA Board will be reviewing the CDIP application and approval process for the July 2015 round.	completed	*****	
5	Measure Outcomes	<i>Develop a formal, comprehensive approach to measuring outcomes to</i>	CDFA leadership recognizes the value of this data and staff review underway to	Ongoing	***	CDFA has retained a consultant to work with the organization to

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		<i>permit measuring progress towards accomplishing goals and objectives, including its statutory purpose.</i>	identify specific measurable outcomes that do not create undue hardship on recipients, particularly small municipalities and nonprofits.			put a process in place to address this action item.
6	Limit Barriers to Accessing Programs	<i>Limit barriers to accessing its programs by seeking to simplify program requirements and facilitating access to its programs by those entities lacking capacity to compete with established organizations.</i>	In the context of its mission, CDFA will hold up to five workshops to help organizations of varying capacity access our programs.	completed	****	In 2014, CDFA held eight workshops and webinars around the state to assist more than 100 nonprofits, counties, and municipalities apply for CDFA funding and implement CDFA programs. These year-round workshops will be held in perpetuity.
			The Community Development Block Grant program is a federal program. CDFA does provide assistance for potential CDBG applicants; however, addressing any perceived barriers to the CDBG program would require federal action.	n/a	****	
7	Adopt Administrative Rules	<i>Promulgate administrative rules for its organization and all of its programs.</i>	CDFA maintains appropriate rules for its organization and programs under the structure provided by the legislature.	Completed	****	SUPPLEMENTAL: Additional changes have been made to employee, board manuals; new by-laws have been adopted.
8	Improve Compliance with Right to Know & Financial Disclosure Statutes	<i>Conform to RTK and financial disclosure requirements.</i>	CDFA complies with financial disclosure.	Completed	****	
			CDFA has instituted changes to bring it into full compliance with all public posting and right to know policies relative to 91-A.	Completed	****	
9	Improve Conflict of Interest and Financial Disclosure Policies and Procedures	<i>Establish whether the CDFA BOD Conflict of Interest Policy also applies to the CDAC members, and aligning recusal practices;</i> <i>Ensure all statements of financial interest are filed with the Secretary of State;</i>	CDFA and CDAC Boards have aligned these practices. All CDAC members must comply with applicable CDFA Board procedures.	Completed	****	
			Financial interest statements are filed annually.	Completed	****	This action item has been addressed as part of CDFA's Best Practices Initiative (BPI) to implement new efficiencies and restructuring throughout the

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						organization.
		<i>Establish a mechanism to identify whether staff could have a potential conflict of interest with reviewing applications;</i>	Staff is now required to identify potential conflicts and is prohibited from making funding decisions in those cases.	Completed	****	
		<i>Establish policies for when it may be deemed appropriate for staff to accept gifts, gratuities, solicitations, or anything of value and establishing policies the requesting approval in these instances;</i>	Reviewing and updating employee manual.	Completed	****	
		<i>Establish policies for the Board and CDAC members regarding gifts, honorariums and expense reimbursements;</i>	CDFA Board has approved and implemented specific rules in the Board manual.	Completed	****	
		<i>Prohibiting members from participating in discussions about projects in which they have a real or potential conflict;</i>	CDFA has instituted more stringent recusal notification requirements.	Completed	****	SUPPLEMENTAL: The Board has approved new, robust rules regarding interaction with the public and potential applicants.
		<i>Differentiate between an abstention in lieu of a recusal, and a recusal, when members have a real or potential conflict of interest with an entity requesting funds.</i>	CDFA Board Manual has been updated to include specific definitions of these terms.	Completed	****	
10	Improve Governance & Management Controls Over Risk and Public Interface	<i>Improve management controls related to public interface by formalizing policy and adopting administrative rules providing for public interaction including complaint and appeal process.</i>	CDIP funding decisions are exempt from appeals per RSA 162-L. CDFA will review unsuccessful applications with applicants upon request. CDBG awards are already appealable for 30 days.	Completed	****	SUPPLEMENTAL: The Board has added a public comments period for its monthly meetings.
		<i>Management develop the detailed policies and procedures that clearly delegate management responsibilities and submit them to the board for approval.</i>	Work being done to make appropriate updates to board manual.	August 2015	***	This action item is being addressed as part of CDFA's Best Practices Initiative (BPI) to implement new efficiencies and restructuring throughout the organization.
		<i>Expanding [Board's] understanding of</i>	Staff-board processes are being reviewed.	Completed	****	

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		<i>agency operations, including all programs, and procurement;</i>				
		<i>Improve management controls related to risk by formalizing and institutionalizing a risk management policy, including risks associated with potential fraud, waste and abuse</i>	Staff is reviewing strategies for addressing these recommendations.	January 2016	***	The Loan Committee has taken steps to have greater input in determining financial percentages of loans approved
11	Improve Management Controls over Purchasing & Procurement	<i>Establish formal contracts with services providers;</i>	Formalizing contract with IT services.	Completed	****	
			Contracts for all other service providers.	Completed	****	
		<i>Utilize statewide contracts for purchasing commodities and services to other state agencies.</i>	CDFA maintains appropriate procurement procedures under the structure provided by the legislature.	Completed	****	
		<i>Establish a purchasing and procurement procedure that is consistent with requirements established in state purchasing and procurement statues;</i>	CDFA has instituted a new written procurement policy.	Completed	****	
12	Improve Management Controls over IT	<i>Formalizing the relationship between CDFA and the IT contractor by defining roles, responsibilities and duties of each party in a written contract.</i>	Contract with IT provider to be done.	Completed	****	
		<i>Conducting a comprehensive risk assessment</i>	To be done under new IT contract; written security policy needs to be updated	Completed	****	Risk assessment is a perpetual activity with no completion date
		<i>Developing procedures for monitoring and following up on remote access to IT equipment.</i>	To be done under new IT contract.	December 2015	***	
		<i>Ensuring access logs are enabled and reviewed;</i>	New procedures have been implemented.	Completed	****	
		<i>Develop a comprehensive agency-wide information security plan including establishment of a password change policy and ensuring staff implement password changes and Securing data access points and limiting physical access to the computer room;</i>	Passwords have been changed. Data access points have been reconfigured to require password access after minimal inactivity time passes.	Completed	****	
			Physical access issues to be addressed as part of office renovation or relocation.	Completed	***	Servers have been moved off site
13	Improve	<i>Develop formal policy, procedures, and</i>	Comprehensive policies are being	Ongoing	***	Improved risk assessment, board

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	Management Controls over Internal Grant & Loan Programs	<i>practices for its internal grant and loan programs to ensure adequate management control, transparency, and uniformity in administering them.</i>	developed.			governance, and more uniform administrative procedures are being addressed as part of CDFA's Best Practices Initiative (BPI).
		<i>The board should exert greater oversight of all CDFA programs to help ensure it fulfill its governance role.</i>	CDFA Board is enhancing its oversight role focusing on ensuring compliance with financial and policy initiatives.	Completed	*****	The Finance Committee and Loan Committee meet monthly to review all finances. All financial statements are reviewed and approved by the full Board monthly.
14	Improve Advisory Committee, Subcommittee, and Staff Policies and Procedures	<i>Develop formal policy, procedures, and practices related to the CDAC, staff and Board-created committees and sub-committees to ensure the organization's mission and goals are carried out efficiently and effectively.</i>	CDFA Board policies have been updated and CDIP applications and review procedures have been updated for the 2014 round.	Completed	*****	
			CDFA Board meeting procedures will be instituted across all platforms.	Completed	*****	
15	Improve Annual Reporting	<i>Produce time annual report focused on outcomes, including the entirety of CDFA's operations and ensure required distribution.</i>	CDFA reconfiguring its annual reports to be submitted to assure these items are included.	Completed	*****	Complete annual report filed on time pursuant to RSA 162-L