The revolving loan fund (RLF) program, established in 1975, has been a staple in EDA’s menu of offerings designed to accomplish these goals. The RLF program provides grants to state and local governments, political subdivisions and nonprofit organizations to operate a lending program that offers low-interest loans to businesses that cannot get traditional bank financing.


EDA should, among other things,
1. Develop a plan of action that addresses the RLF program’s problems and identifies opportunities for improvement.
2. Develop policies and procedures for a uniform approach to sequestering excess cash.
3. Monitor grantee operations by consistently collecting and evaluating required financial reports; determining the status of the 47 RLFS not reporting as of September 30, 2005 and not providing subsequent reports in 2006; and document this status.
4. Implement a database that provides the critical information EDA needs to manage the RLF program and protect its assets.
5. Ensure that all RLF grant recipients undergo required single audits and file reports with the Federal Audit Clearinghouse and that EDA staff uses these reports to improve recipient monitoring.

Implementing our recommendations could result in putting $29.8 million, as of September 30, 2005, to better use by increasing the RLF program’s lending.