Paycheck Protection Program: Staying Out of the Headlines

Staying Out of the Headlines: Top 5 Risks to Avoid

Lack of Due Diligence

Failure to follow up with applicant to clarify/ substantiate calculation inaccuracies

CNBC

POLITICS

Texas man charged with allegedly seeking more than $5 million in SBA coronavirus loans by submitting 400 fake employee names

Double Dipping

Insufficient control environment to prevent applicants submitting multiple applications

Forbes

Feds Announce First Arrests In Country Linked To PPP Loan Fraud

Favoring of Large Borrowers

Unfairly prioritizing funding based on the applicant's loan size request

CNN BUSINESS · LIVE TV

New York (CNN Business) — Four of America's biggest banks have been accused of harming thousands of coronavirus-hit small businesses by unfairly prioritizing emergency loan requests from large customers to earn fatter fees.

Discriminatory Lending

Overlooked due diligence practices in taking on influx of new applicants

CBS NEWS

Up to 90% of minority and women owners shut out of Paycheck Protection Program, experts fear
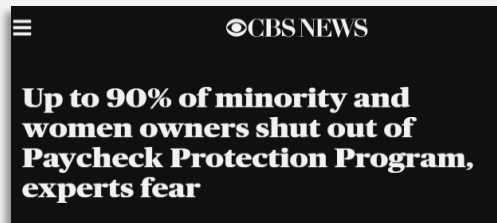
Unsubstantiated Forgiveness

Inadequacy in documented evidence to support assumptions used in determining forgiveness amount

News

Advisors Confused by SBA's New PPP Loan Forgiveness Rule

Can You Answer These Critical PPP Questions?

ORIGINATION LOOKBACK

Has **proper documentation** been captured for all loans?

Were **affiliation rules followed** in determining eligibility?

Any **discrepancies** between borrower's PPP submission and prior credit applications?

Is there **evidence of the order** in which PPP loans were processed?

What **procedure** was followed in **prioritizing applications**?

UPCOMING LOAN FORGIVENESS

Has borrower forgiveness application been **completed correctly**?

Any **errors in calculations** used to arrive at requested forgiveness amount?

Do payroll **records match** forgiveness inputs? Are the covered **periods the same**?

Has **proper documentation** for mortgage interest, rent and utilities been received?

If FTE Safe Harbor has been utilized, is there **documentation to support it**?

CrossCountry's PPP Solution: FinServ + Process/ Automation Expertise

We combine consultants with experience in lending, credit, and risk with process automation capabilities in order to assist lenders in implementing an efficient, risk-mitigated process.

Origination Lookback

FOCUS

A review of PPP loans focused on operational, reputational and fraud risk.

APPROACH

- Leverage a comprehensive Risk & Control framework developed specifically for PPP
- Provide a set of findings
- Develop a remediation plan

IMPACT

1. Detect any hidden "land mines" which may have arisen during the frenzy of PPP processing
2. Prepare and equip for PPP audits from the SBA, CFPB, FDIC, the Fed and the Department of Justice
3. Avoid severe reputational risk

Forgiveness Automation

FOCUS

An automated, risk-based process for PPP loan forgiveness

APPROACH

- Protect lender from future audit findings with a risk-based process
- Automate low value-add process elements to allow scale
- Develop efficiencies for forgiveness that are easily converted to Portfolio Management "business as usual" processing

IMPACT

1. Process loan forgiveness requests with high accuracy and efficiency
2. Review large volume of applications to ensure regulatory compliance, detect fraud and verify controls
3. Emerge from PPP with evidence of controls followed, documentation received, and investigation-ready audit trail

PPP Risk Management & the CrossCountry Difference

Projects staffed with financial services-savvy team members with lending, credit and risk experience

Leverage UiPath partnership in order to hit the ground running with pre-built automated PPP solution components

Experts in navigating processes exposed to complex regulations

Financial Services & Lending Experts

Automation Experts
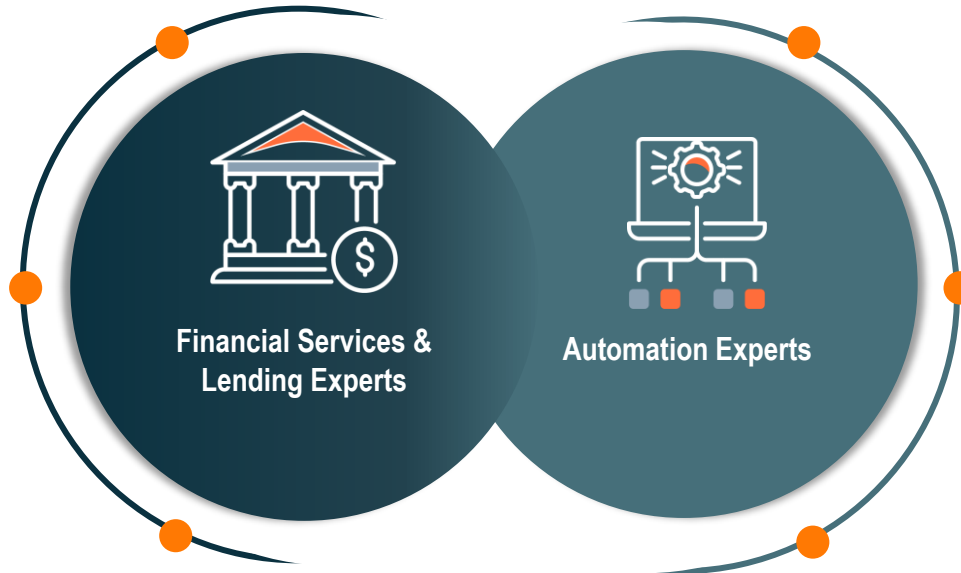
RPA expertise to help you achieve up to 80% in processing time reduction

Expertise in addressing regulatory, internal, and customer queries in real time

Proactive portfolio management and risk monitoring; large scale of review and verification for compliance through RPA

Analyzing Your PPP Risk & Control Framework

Our risk and control lookback focuses are on **compliance, operational, fraud and reputational risk.**

1	2	3	4	5	6
COMPLIANCE	**FRAUD**	**ACCURACY**	**CREDIT**	**OPERATIONAL**	**REPUTATIONAL**
Were standard risk practices such as BSA and AML followed?	Did fraudulent applications get through the process in the rush to process applications?	Was the requested loan amount verified against payroll evidence?	Did borrower attestations match existing information on file?	Were loans handled in the order that they were received?	Were PPP loans processed in a fair and timely manner?

Sample Deliverables

Risk & Control Matrix

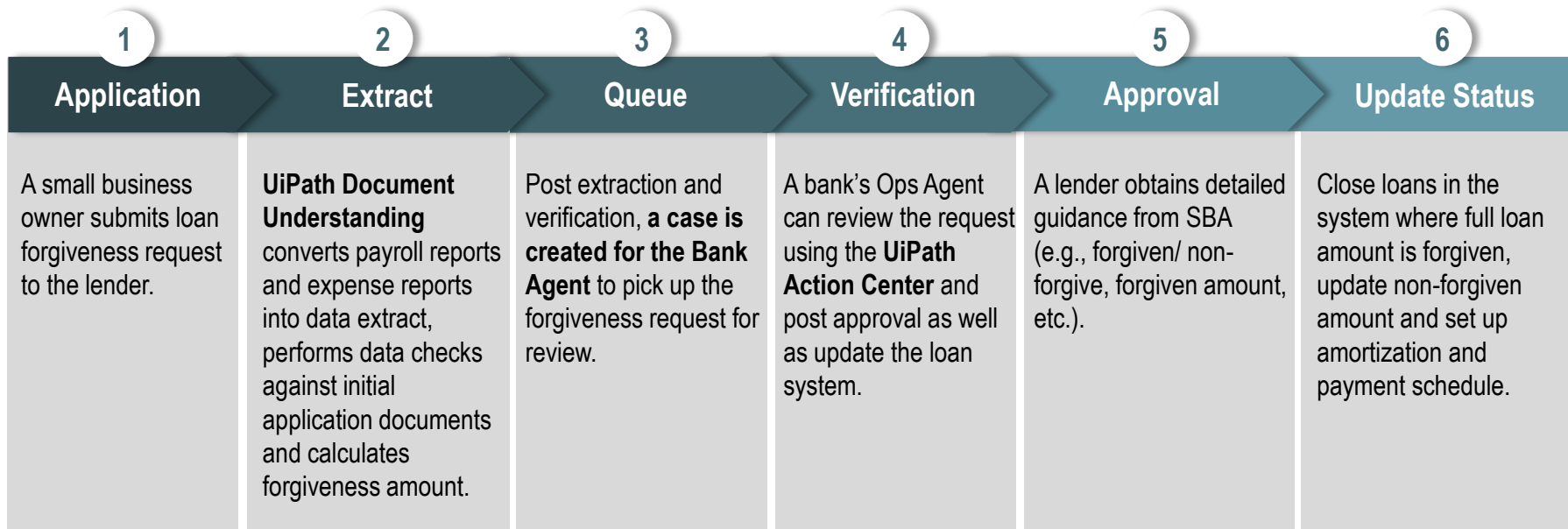**Lookback Assessment**

Remediation

Forgiveness Process & Automation Approach

Risk-Based & Automated Process for PPP Loan Forgiveness

We have a risk-based and automated approach for processing PPP loan forgiveness requests. Our approach can be deployed using our UiPath-based solution or with any existing automation tool.

1 Application	**2** Extract	**3** Queue	**4** Verification	**5** Approval	**6** Update Status
A small business owner submits loan forgiveness request to the lender.	**UiPath Document Understanding** converts payroll reports and expense reports into data extract, performs data checks against initial application documents and calculates forgiveness amount.	Post extraction and verification, **a case is created for the Bank Agent** to pick up the forgiveness request for review.	A bank's Ops Agent can review the request using the **UiPath Action Center** and post approval as well as update the loan system.	A lender obtains detailed guidance from SBA (e.g., forgiven/ non-forgive, forgiven amount, etc.).	Close loans in the system where full loan amount is forgiven, update non-forgiven amount and set up amortization and payment schedule.

CROSSCOUNTRY CONSULTING **+** UiPath™

About CrossCountry Consulting

D.C. • New York • Boston • San Francisco • Seattle

CrossCountry Consulting is a trusted business advisory firm that provides customized finance, accounting, human capital management, risk, operations and technology consulting services to leading organizations facing complex change.

We partner with our clients to help them navigate pressing business challenges and achieve goals related to improving operations, minimizing risks and enabling future growth.

Quick Facts

2011 — Founded by Former Arthur Andersen Executives

300+ — Active Engagements Across the Country

550+ — Mostly from Big 4 and Large Consulting Firms