



State of Nevada
Governor's Finance Office
Division of Internal Audits

Audit Report

**Governor's Office of Economic Development
Transferable Tax Credits for and Abatement
of Taxes on Qualified Projects**

Report No. 18-05
January 16, 2018

EXECUTIVE SUMMARY
Governor's Office of Economic Development

Introduction.....page 1

**Objective: Improve the Effectiveness of Procedures Employed by GOED
for Approving and Monitoring Qualified Projects
Pursuant to NRS 360.880 - 360.980**

**Legislation Used to Develop Requirements
for Qualified Projects**.....page 2

During the special sessions convened in September 2014 and December 2015, the legislature approved the requirements participants must meet to receive transferable tax credits (TTCs) and abatements for projects that plan to invest \$3.5 billion or \$1 billion in Nevada. Although the legislative requirements for each project are similar, there are differences, such as the \$1 billion project legislation allowing for all or a portion of abatements to be deposited into a trust fund until requirements are met. The Governor's Office of Economic Development (GOED) used the trust fund option for the \$1 billion project that was approved in January 2016. By using the trust fund option, GOED protected tax dollars from being committed to a project that ultimately did not meet the requirements.

GOED Ensured Statutory Requirements Were Met.....page 6

GOED developed policies and procedures to ensure statutory requirements were met for qualified projects. GOED developed an application and application checklist to guide the approval process and determine the type of documentation required to be submitted to satisfy GOED that the project qualified pursuant to statute. In addition to statutory requirements, GOED performed due diligence by reviewing additional documentation not required by statute, such as financial statements, economic analysis reports, and letters of recommendation. GOED ensured monitoring requirements were met by requiring the participants to report quarterly. The \$3.5 billion project participant provides GOED an independent audit quarterly, which in turn allows the participant to receive TTCs more frequently.

Develop A Consolidated Due Diligence Checklist.....page 9

Developing a consolidated due diligence checklist will increase accountability and transparency of the approval process for projects that qualify under NRS 360.880 - 360.980. GOED has developed policies and procedures to guide the application approval process to ensure statutory requirements are met; however, GOED does not have a formalized document that identifies what documents were reviewed, who reviewed the documents, and the date of the review. A consolidated due diligence checklist which documents who reviewed whether the application satisfied all applicable requirements, what documentation was reviewed, and the date documents were reviewed will increase accountability and transparency for projects, and allow GOED leadership to track the documentation and review process.

Appendix A.....page 11
Scope and Methodology, Background, Acknowledgments

Appendix B.....page 14
Response and Implementation Plan

Appendix C.....page 18
Timetable for Implementing Audit Recommendation

INTRODUCTION

At the direction of the Executive Branch Audit Committee, the Division of Internal Audits conducted an audit of the Governor's Office of Economic Development (GOED).

Our audit focused on procedures employed by GOED for meeting statutory requirements pursuant to NRS 360.880 - 360.896 (Capital Investment At Least \$1 Billion) and NRS 360.900 - 360.980 (Capital Investment At Least \$3.5 Billion). The audit's scope and methodology, background, and acknowledgements are included in Appendix A.

Our audit objective was to develop recommendations to:

- ✓ Improve the effectiveness of procedures employed by GOED for approving and monitoring qualified projects pursuant to NRS 360.880 - 360.980.

Governor's Office of Economic Development Response and Implementation Plan

We provided draft copies of this report to GOED officials for their review and comments. Their comments have been considered in the preparation of this report and are included in Appendix B. In its response, GOED accepted our recommendation. Appendix C includes a timetable to implement our recommendation.

NRS 353A.090 specifies within six months after the final report is issued to the Executive Branch Audit Committee, the Administrator of the Division of Internal Audits shall evaluate the steps GOED has taken to implement the recommendation and shall determine whether the steps are achieving the desired results. The administrator shall report the six month follow-up results to the committee and GOED officials.

The following report contains our findings, conclusions, and recommendation.

Improve the Effectiveness of Procedures Employed by GOED for Approving and Monitoring Qualified Projects Pursuant To NRS 360.880 – 360.980

The Governor's Office of Economic Development (GOED) can improve the effectiveness of procedures employed for approving and monitoring qualified projects pursuant to NRS 360.880 - 360.980 by developing a consolidated due diligence checklist. A checklist will increase accountability and transparency by: documenting procedures performed in the approval process; identifying who performed each step of the procedures; and annotating the date the step was performed.

Legislation Used to Develop Requirements for Qualified Projects

The Governor convened the Legislature into a special session in September 2014 (for the Capital Investment At Least \$3.5 Billion) and December 2015 (for the Capital Investment At Least \$1 Billion) to approve legislation providing incentives in the form of tax abatements and transferable tax credits (TTCs) for businesses that propose to establish in the state and agree to invest a certain amount of new capital in the state. The legislation was reflected in the application and approval process for qualified projects.

Legislation Differs

Although both special sessions were convened, in part, to discuss providing incentives in the form of tax abatements and TTCs for businesses that propose to establish in the state and agree to invest a certain amount of new capital, there are differences in the legislation that was signed into law. Exhibit I outlines the differences in the legislation.

Exhibit I

Comparison of Statutory Differences

Description	NRS 360.980 Sections – \$3.5 Billion Investment	NRS 360.880 Sections – \$1 Billion Investment Projects
Abatement Types	Abatements of property taxes, employer excise taxes, or local sales and use taxes, or any combination of those taxes.	Partial abatements of property taxes, employer excise taxes, or local sales and use taxes, or any combination of those taxes.
Abatement Amounts	Allows for abatement of an amount equal to the property and employer excise taxes, and an amount equal to the sales and use tax for a duration of not more than 20 years.	Allows for abatement of an amount equal to 75% of the amount of property and employer excise taxes, and an amount equal to the sales and use tax for a duration of not more than 15 years.
Trust Fund for Abatements	N/A	Allows for the option of using a trust fund and setting aside all or a portion of abatements into the trust fund until all or a portion of investment requirements are met.
NV Residency Requirements for New Jobs	Requires a NV DL or ID card to have been issued by DMV before hiring.	Requires a NV DL or ID card to be issued by DMV more than 60 day before the hiring of an employee to be considered a NV resident, unless the employee is a veteran.
Amount of TTCs Available	Allows for TTCs in the amount of \$12,500 per qualified employee up to 6,000 employees. Also outlines TTCs in an amount equal to 5% of the first \$1 billion spent and 2.8% of the next \$2.5 billion spent.	Allows for TTCs in the amount of \$9,500 per qualified employee up to 4,000 employees.
Restrictions on the Amount of TTCs Issued	TTCs issued cannot exceed \$45 million for fiscal years starting before July 1, 2022 and \$195 million for years beginning after July 1, 2022.	TTCs issued cannot exceed \$7.6 million for fiscal years starting before July 1, 2025 and \$38 million for fiscal years starting after July 1, 2025.

Legislation Contained Protections for Nevada

The legislation contained provisions intended to protect Nevada's interest by preventing tax dollars from being committed to a capital investment project without requirements being met. These provisions were included in the applicant's agreements. Protections include:

- Ensuring the project helps advance economic development according to the state plan;
- Requiring at least 50 percent of employees be Nevada residents;
- Requiring health insurance be offered to employees;
- Requiring qualified workers' wages to be at an average of \$22 per hour;¹
- Allowing for abatements to be placed in a trust fund until requirements are met (only \$1 billion dollar projects);
- Requiring the project participants to report annually by paying for an audit; and
- Requiring a participant to pay back any abatement if they fail to meet requirements.

GOED Used Trust Fund Option

NRS 360.893(3) allows for the option to use a trust fund, which states all or a portion of the abated taxes paid by the participant may be deposited in the trust fund until all or a portion of the requirements are met. The one participant who applied under the \$1 billion project was a start-up company. After initially allowing some abatements (approximately \$16,000 from the modified business tax), the GOED executive director deemed increasing risks required 100 percent of the abated taxes to be deposited in a trust fund as provided for in NRS. GOED requested the participant refund the abated \$16,000, which was subsequently distributed by the Department of Taxation.

Using Trust Fund Option Benefited State

NRS 360.893(4)(a) states if GOED determines the requirements have not been met, the money in the trust fund must be transferred to the entity that would have received the money had they not been abated. This protects Nevada tax dollars from being committed to a project without the requirements being met. See

¹ Qualified employees are employed by the participant at the qualified project site, are employed full-time and scheduled to work an average minimum of 30 hours per week, have been employed for at least the last 3 consecutive months of the fiscal year, have been offered health benefits and must be paid at an average rate of \$22 per hour. Employees engaged solely in the construction of the project are not qualified employees.

Exhibit II for a comparison of the investment made by the \$1 billion project participant to costs associated with the project.

Exhibit II

Comparison of Investment and Costs

	Benefit (Cost)
State-Funded Economic Impact Analysis	\$ (5,960)
Special Session	(264,566) ^a
Infrastructure Design	10,884,666 ^b
Trust Fund	740,715
Abated Modified Business Tax	16,000 ^c
Net Effect^d	\$ 11,370,855

Table Note:

^a Special Session cost was \$271,416, but was offset by lobbyist registration fees of \$6,850.

^b Infrastructure design includes amounts paid for planning or installing utilities such as sewer, water, and power at the Nevada project site.

^c \$16,000 in Modified Business Tax was abated and repaid by the participant in August 2017. The Department of Taxation distributed the repaid abated taxes.

^d Net Effect does not include the total capital investment made by the participant. Total capital investment was approximately \$170 million: land acquisition - \$34 million; construction costs - \$76 million; infrastructure and consultants - \$16 million; manufacturing equipment - \$44 million.

**Bonds for Infrastructure
Not Requested**

Legislation provides that when a qualified project is approved and it is determined there is a need for infrastructure, a governing body, such as a city or county, may prepare and submit to GOED an Economic Development Financing Proposal (EDFP). The EDFP outlines how the infrastructure may be financed from the proceeds of bonds, securities, or other indebtedness issued by the state.

The City of North Las Vegas discussed the issue of infrastructure bond financing for the \$1 billion qualified project with GOED. However, the city never submitted an EDFP to GOED. Consequently, there was no request to issue bonds to finance infrastructure relating to the \$1 billion project.

GOED Ensured Statutory Requirements Were Met

GOED developed policies and procedures to ensure statutory requirements were met for qualified projects. Based on the requirements passed by the legislature, GOED developed an application and a checklist to be used for completing the application, as well as internal policies and procedures to guide the application approval process, monitoring qualified projects, and issuing transferable tax credits (TTCs).

Requirements for Application and Approval Processes

A participant must first submit an application and the application checklist in order to meet requirements for a qualified project pursuant to NRS 360.880 - 360.980. The application checklist includes the type of documentation required to be submitted to satisfy GOED that the project qualifies pursuant to statute. For example, the checklist notes a surveyor drawing and legal description will satisfy the requirement to describe the project location. Additionally, a list of the cost of real property and equipment anticipated to be purchased will satisfy the requirement for determining the amount of capital investment.

Confidential Items

In addition to the application and application checklist, the participant may also include a letter requesting certain items in the application be considered confidential. The director decides whether to allow the request for certain items to be made confidential and issues a Request for Confidentiality Determination that states the item that will be considered confidential. Some items deemed confidential include health insurance benefit information, detailed information regarding employment labor and wages, and detailed schedule of capital investments. These items are often deemed as trade secrets or proprietary information.

Once the application and application checklist are received the verification process begins. GOED staff reviews the incoming applications for completeness and verify it satisfies the qualifications outlined in NRS 360.880 - 360.980. In addition to reviewing the application using outlined procedures, GOED also performs more in-depth due diligence efforts to ensure the company can meet the statutory requirements as promised in the application. GOED performs their due diligence by reviewing financial documents, determining who the investors are and their financing sources, and researching articles posted on various media outlets. All the information is compiled into a hard copy and electronic file that becomes part of the Board of Economic Development's (board) packet. Exhibit III outlines the documentation provided and reviewed during the application process.

Exhibit III

Documentation for Statutory Requirements

Items Reviewed During Application Approval	\$3.5 Billion Project	\$1 Billion Project	Statute Reference
Application Checklist	✓	✓	Not Required by Statute
Application	✓	✓	360.889(2)(a),(3): 360.945(2)(a),(3)
Letter from Participant	✓	✓	360.889(2)(b): 360.945(2)(b)
Capital Investment Breakdown	✓	✓	360.889(c): 360.945(c)
List of Other Participants	✓	n/a ^a	360.889(2)(d): 360.945(2)(d)
Description of Nevada Facility	✓	✓	360.889(2)(e): 360.945(2)(e)
Description of Nevada Facility Location	✓	✓	360.889(2)(e): 360.945(2)(e)
Legal Description of Location	✓	✓	360.889(2)(e): 360.945(2)(e)
Business License	✓	✓	360.889(2)(f): 360.945(2)(f)
Construction Employment Schedule	✓	✓	360.889(2)(g): 360.945(2)(g)
Operations Employment Schedule	✓	✓	360.889(2)(h): 360.945(2)(h)
Health Benefits Offered	✓	✓	360.889(2)(i)(j): 360.945(2)(i)(j)
Project Presentation/Overview	✓	✓	360.889(3): 360.945(3)
Company Presentation	✓	✓	360.889(3): 360.945(3)
Request for Items to be Confidential	✓	✓	360.890(7): 360.950(7)
Letters of Recommendation	✓	✓	Not Required by Statute
Financial Statements	✓	✓	Not Required by Statute
Investor Research	✓	✓	Not Required by Statute
Economic Impact Analysis	✓	✓	Not Required by Statute

Table Note:

^aNo other participants.

Once GOED staff has determined the application information is complete and satisfies statute, the information is put into an Incentives Database. At this time a board meeting is scheduled to consider approving the qualified project.² If the board approves the application, GOED issues certificates of eligibility to the Department of Transportation, Tax Commission, County Treasurer, and participant.

² Board of Economic Development voting members: Governor, Lieutenant Governor, Secretary of State, and six private sector members. Nonvoting members: Chancellor of the Nevada System of Higher Education and Director of the Department of Employment, Training, and Rehabilitation.

Requirements for Monitoring Qualified Projects

Legislation requires GOED monitor participants to ensure they are meeting the eligibility requirements for a qualified project. Legislation requires periodic reporting by GOED to the Governor and Legislature to ensure the qualified project is meeting statutory requirements regarding capital investment and jobs created. For example, GOED reports the amount of capital investment to date, number of construction and qualified employees who are residents of Nevada, and total amount of wages paid to those employees based on information provided by participants.

Audited Reports Submitted by Participants

Legislation requires participants provide GOED an independent audit report each fiscal year to document capital investment and jobs created to ensure the qualified project is meeting statutory requirements. The \$1 billion project never progressed in scope to necessitate an independent audit report. GOED is able to closely monitor the \$3.5 billion qualified project because the participant provides quarterly independent audit reports as well as the required annual independent audit report.

Requirements for Issuing TTCs

GOED ensured TTCs were issued in accordance with NRS. Statute provides that TTCs are available after an independent audit is completed and provided to GOED that shows the qualified project has met TTC eligibility requirements.

TTCs were not approved for the \$1 billion qualified project because the participant did not provide an independent audit report and did not meet the TTC eligibility requirements for job creation. TTCs for the \$3.5 billion project were approved after receiving and reviewing independently audited quarterly reports showing the amount of capital investment and jobs created met applicable TTC eligibility requirements.

Develop A Consolidated Due Diligence Checklist

GOED should develop a consolidated due diligence checklist which documents the procedures performed, identifies who performed each step of the process, and annotates the date the step was performed. This will increase accountability and transparency of the approval process for projects that qualify under NRS 360.880 - 360.980.

No Formalized Procedures for Application Review

GOED does not have formalized procedures to document the process for ensuring applications meet the requirements under NRS. GOED does not currently have a consolidated checklist that specifies what documents were reviewed, who reviewed the documents, and the date of the review. A checklist showing who reviewed the application and what documents satisfied the statutory requirements provides a more transparent record of the project approval. This will also help GOED leadership track who reviewed project applications and what documents were reviewed.

Other States Use a Checklist To Document Due Diligence

We surveyed six states regarding their internal processes for approving applications for tax incentives.³ Four states surveyed use an internal checklist to document that all items required for the application were received and reviewed.⁴ The state of Mississippi uses an online application option, which is how most applications are received. The online application is set up in a manner that prevents participants from submitting applications without completing the required fields and attaching supporting documents. If follow up is required resulting from application reviews, emails, and communication with participants are uploaded into an online electronic file, keeping all information together.

³ Iowa, Maine, Minnesota, Mississippi, Nebraska, and Washington.

⁴ Maine, Minnesota, Nebraska and Washington.

Conclusion

Although GOED ensured statutory requirements were met, developing a consolidated due diligence checklist which documents who reviewed the application satisfied all applicable requirements, what documentation was reviewed, and the date documents were reviewed will increase accountability and transparency for projects which qualify under NRS 360.880 - 360.980.

Recommendation

1. Develop a consolidated due diligence checklist which documents the procedures performed, identifies who performed each step of the process, and annotates the date the step was performed.

Appendix A

Scope and Methodology, Background, Acknowledgements

Scope and Methodology

We began the audit in March 2017. In the course of our work, we interviewed GOED staff and discussed processes inherent to their responsibilities. We reviewed GOED records, policies and procedures, applicable Nevada Revised Statutes, and other state guidelines. In addition, we reviewed applicable federal and independent reports and audits. We concluded field work and testing in November 2017.

We conducted our audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Background

The Governor's Office of Economic Development's (GOED) mission is to foster the creation of high quality jobs in private industry for Nevadans. GOED's budget for fiscal year (FY) 2018 is approximately \$33 million. Exhibit IV summarizes GOED's funding sources for FY 2018.

Exhibit IV

**GOED Funding Sources
FY 2018**

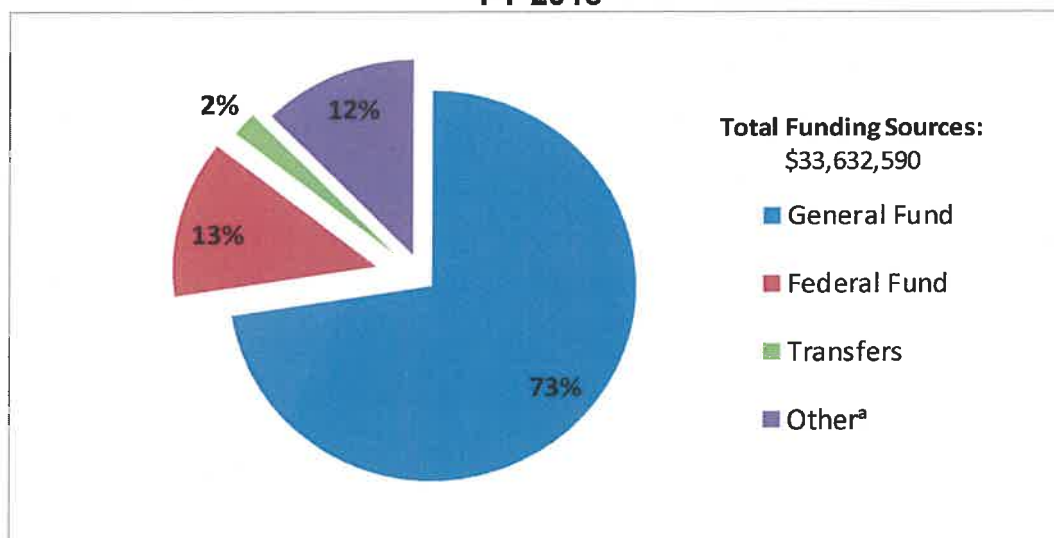


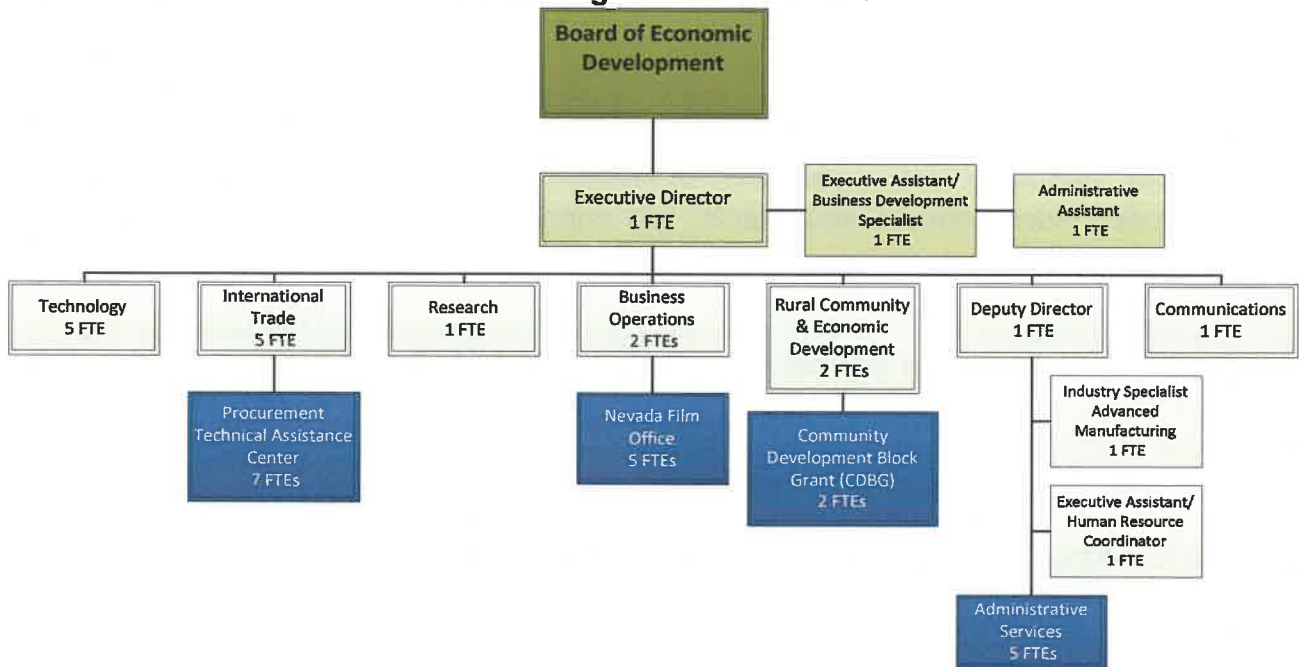
Table Note:

^a Other includes a cooperative agreement and grant from NASA, gifts, and donations.

GOED is overseen by the Board of Economic Development, which is chaired by the Governor and has nine other members, including the Lieutenant Governor, Secretary of State, Chancellor of Nevada System of Higher Education, and Director of the Department of Employment, Training, and Rehabilitation. Exhibit V outlines the organizational structure.

Exhibit V

GOED Organizational Chart



GOED's objective is to promote a robust, diversified, and prosperous economy in Nevada, stimulating business expansion and retention, encouraging entrepreneurial enterprise, attracting new business, and facilitating community development.

GOED offers various resources to help grow communities and businesses including:

- relocation and expansion assistance;
- site selectors;
- procurement outreach;
- global trade and investment; and
- rural community development.

GOED helps qualifying companies make the decision to relocate or expand in Nevada by offering a variety of incentives:

- Local Sales and Use Tax Abatements;
- Modified Business Tax Abatement;
- Personal Property Tax Abatement;
- Real Property Tax Abatement for Recycling;

- Data Center Tax Abatement;
- Aviation Tax Abatement;
- Tax Abatements for a Capital Investment of at least 1 Billion;
- Tax Abatements for a Capital Investment of at least 3.5 Billion;
- Catalyst Fund/Transferable Tax Credits (TTCs);
- TTCs for Film and Other Productions; and
- Workforce Innovations for a New Nevada (WINN).

Acknowledgments

We express appreciation to GOED's director, deputy director, and staff for their cooperation and assistance throughout the audit.

Contributors to this report included:

Warren Lowman
Executive Branch Audit Manager

Catherine Brekken, CPA
Executive Branch Auditor

Appendix B

Governor's Office of Economic Development Response and Implementation Plan

Nevada Governor's Office of
ECONOMIC DEVELOPMENT

1111 E. Washington Avenue, Suite 1400, Las Vegas, NV 89101
702.476.2100 • www.economicdevelopment.nv.gov

December 20, 2017

Steve Weinberger, CPA
Administrator, Division of Internal Audits
200 East Musser Street, Room 302
Carson City, Nevada 89701

Re: NRS 360.880 - 360.980 Audit Recommendations

Dear Mr. Weinberger:

The Governor's Office of Economic Development (GOED) thanks the Division of Internal Audits (DIA) for the professionalism of their audit and for their recommendation. We are pleased to know that all requirements of NRS were met in reviewing and approving the incentive applications in question, and welcome the recommendation to develop a consolidated due diligence checklist as an additional measure to track our process.

The audit concludes that GOED ensured all statutory requirements were met, but recommends that GOED develop a consolidated due diligence checklist; GOED agrees with this finding and recommendation. We believe that a checklist which outlines requirements of the law, how an application was reviewed, by whom, and when, will provide a beneficial additional level of clarity.

We utilized our existing checklist for standard incentive applications, example checklists from other states as provided by DIA, and the requirements outlined in NRS, in order to develop a draft checklist (see attached). We plan to review and refine this over the coming weeks and adopt it as a formal practice for NRS 360.880 - 360.980 incentive projects no later than January 31, 2018. We will review the checklist at least annually, and modify as needed, if additional requirements are made, or if NRS changes the application or review process.

Again, we are grateful for the professionalism of your staff, for the opportunity to examine our process, and for your recommendation on how we can improve.

Sincere regards,



Paul Anderson
Incoming Executive Director

cc: Governor Brian Sandoval
Steven D. Hill, Executive Director

Brian Sandoval, Governor
Steven D. Hill, Executive Director

Empowering Success

GOED Incentive and Abatement Applications Consolidated Application Due Diligence Policies & Procedures Checklist

When a company elects to locate in Nevada based on, among other things, the incentives it may qualify for in locating in Nevada, the company files an application for those incentives. GOED reviews the application and often has questions regarding a company or its application (e.g. planned health care coverage, staffing requirements, average wage requirements, personal property investment, etc.). GOED resolves these directly with the company or its representative.

GOED staff's review process is a due diligence process. GOED staff review the application and compares the information submitted by the company against the statutes, regulations, thresholds and standards set forth by the legislature and GOED leadership.

GOED's due diligence process:

1. serves to document the due diligence steps and procedures performed,
2. identifies who performed each step of the process, and
3. annotates the date the step was performed.

This process increases accountability and transparency of the approval process for projects which qualify under NRS 360.880 -- 360.980.

Procedures for Application Reviews

GOED has a collection of formalized procedures for its different incentive programs to document its due diligence process for ensuring applications meet the requirements under NRS, NAC and GOED policy.

This Consolidated Application Due Diligence Policies and Procedures Checklist sets forth GOED policy calling for the identification of what documents must be and were reviewed, who reviewed the documents, and the date of the review.

Documentation for Statutory Requirements for potential NRS 360.880 – 360.980 incentives

Project name: _____

Project category (check one) being applied for \geq \$1b \geq \$3.5b

Due Diligence Items Reviewed/Procedures Performed	NRS Reference	Responsible Party	Date Completed	Notes ¹
Company Application and Checklist	360.889(2)(a),(3); 360.945(2)(a),(3)			
Business Background Review	"			
"State Plan for Economic Development" fit	"			
Local government support	"			
Economic Impact review: Jobs	"			
Economic Impact review: Average Wages	"			
Economic Impact review: Capital Investment	"			
Net Tax Revenue Impact: Direct	"			
Net Tax Revenue Impact: Indirect	"			
Letter from Participant	360.889(2)(b); 360.945(2)(b)			
Capital Investment Breakdown	360.889(c); 360.945(c)			
List of Other Participants (if available)	360.889(2)(d); 360.945(2)(d)			
Description of Nevada Facility	360.889(2)(e); 360.945(2)(e)			
Description of Nevada Facility Location	360.889(2)(e); 360.945(2)(e)			
Legal Description of Location	360.889(2)(e); 360.945(2)(e)			
Business License	360.889(2)(f); 360.945(2)(f)			
Construction Employment Schedule	360.889(2)(g); 360.945(2)(g)			
Operations Employment Schedule	360.889(2)(h); 360.945(2)(h)			

¹ Notes should include citations, names or links to documents reviewed to satisfy the requirement.

Health Benefits Offered	360.889(2)(i)(i): 360.945(2)(i)(i)			
Project Presentation Overview	360.889(3): 360.945(3)			
Company Presentation	360.889(3): 360.945(3)			
Request for Items to be confidential (optional)	360.890(7): 360.950(7)			
Letters of Recommendation	Not Required by Statute			
Financial Statements	Not Required by Statute			
Investor Research	Not Required by Statute			
Economic Impact Analysis	Not Required by Statute			

Comments:

Process review completed by

Printed Name

Signature

Date

Appendix C

Timetable for Implementing Audit Recommendation

In consultation with the Governor's Office of Economic Development (GOED), the Division of Internal Audits categorized the recommendation contained within this report into one of two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). GOED should begin taking steps to implement the recommendation as soon as possible. GOED's target completion date are incorporated from Appendix B.

**Category 1: Recommendations with an anticipated
implementation period of less than six months.**

<u>Recommendation</u>	<u>Time Frame</u>
1. Develop a consolidated due diligence checklist which documents the procedures performed, identifies who performed each step of the process, and annotates the date the step was performed. (page 10)	Jan 2018

The Division of Internal Audits shall evaluate the action taken by GOED concerning the report recommendation within six months from the issuance of this report. The Division of Internal Audits must report the results of its evaluation to the Executive Branch Audit Committee and GOED.