

**STATE OF NEW HAMPSHIRE**  
**Division of Economic Development, Department of Resources and Economic Development**  
**AUDIT FINDING Corrective Action Plan**  
Status as of August 1, 2014

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

#	Observation Title	Recommendation	Action Item	Due date	Completion Status	Comments
1	Develop a comprehensive economic development program plan	Establish an economic development program plan which defines the roles of each program, is consistent with the State development plan, and incorporates the input of stakeholders and policy makers.	Support HB 1416, which clearly outlines the elements to be included in the division's strategic plan.	N/A	••••	Legislation passed and signed into law.
			Engage stakeholders in the division's strategic planning process.	Ongoing	•••	Economic Development Advisory Council (EDAC) has been reconstituted and now meets on a quarterly basis to provide input into the division's planning process.  In May 2014, the division conducted a survey of local/regional economic development practitioners throughout the state.
			Create a strategic plan that drives program development and budgeting.	12/15	••	Staff and the EDAC are engaged in the strategic planning process. As a result of initial planning sessions, the division is working to acquire new tools that will enhance its ability to establish data-driven strategic goals and performance metrics. The first version of our strategic plan will be completed by 12/31/15, as per HB 1416.
2	Implement a performance measurement system to evaluate division activities	<ul style="list-style-type: none"> <li>•Establish goals linked to the division's mission.</li> <li>•Establish performance measures, with corresponding benchmarks, to track and determine whether the division</li> </ul>	Incorporate specific goals into the division's strategic plan.	12/15	••	
			Research best practices in performance measurement by other state economic development agencies	12/14	•••	
			Select performance metrics that	9/15	•	

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		is achieving the desired level of performance.	the division will use in its first strategic plan.			
		<ul style="list-style-type: none"> <li>•Establish policies and procedures for regularly measuring division performance against benchmarks and evaluating the effectiveness of its programs.</li> </ul>	Identify resources needed to better evaluate division programs on an ongoing basis and build into FY 16-17 budget request.	10/14	•••	HB 1416 requires annual reporting by the division on its progress in achieving the goals in its strategic plan starting 12/31/16.
3	Improve data collection to facilitate communication and a division wide management system	<ul style="list-style-type: none"> <li>•Consider (again) one database system or an improved system of information sharing to facilitate tracking activities across all programs.</li> <li>•Develop user policies and procedures for consistent, reliable, and complete data collection.</li> </ul>	Modify the division's client relationship management (CRM) software to better track activities for business recruitment, business retention, and international trade teams.	8/14	••••	
			Create user guides to CRM for staff.	9/14	•••	Guides for 5 modules/processes have been identified; 3 have been created.
			Determine if business recruitment, business retention, and international trade teams' needs can be met with Neoserra, the CRM used by the division's Procurement Technical Assistance Program.	12/14	••	
			Add funding for CRM upgrades and improvements in FY 16-17 budget request.	10/14	•••	
4	Develop an information technology plan and improve controls	<ul style="list-style-type: none"> <li>•Assess areas of risk and develop a data management and information technology plan</li> <li>•Strengthen general IT controls.</li> </ul>	Discuss the division's IT needs with DoIT and incorporate them into DoIT's strategic plan.	9/14	••	
			Establish policies for CRM administration and usage.	12/14	•	

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		•Develop and implement a plan to enter data gathered during the outage into the CRM.	Enter data gathered during CRM outage.	12/14	•••	CRM is up and running and staff is entering data collected during down time. Additional planning will be introduced into DRED Contingency of Operations Plan (COOP) currently in revision and planned for 1/15 final date.
5	Improve management over tax credit programs	•Develop Administrative Rules for regulations, standards, or forms relative to the Economic Revitalization Zones (ERZ) and Coos County Job Creation (CCJC) tax credit programs.  •Develop and implement policies and procedures to ensure adequate controls over: calculating and awarding tax credits, consistently applying the same criteria to all businesses, supervisory reviews, and obtaining supporting documentation from businesses for information used to calculate tax credit awards.	Establish administrative rules for ERZ	2/15	•••	Rules were drafted in 2013, but put on hold until audit was completed.
			Establish administrative rules for CCJC	2/15	•	Rules required for form in addition to instructions
			Review and update all tax credit forms and marketing materials	9/14	•••	Will ask for stakeholder input
			Establish supervisory oversight of tax credit programs	6/14	••••	Deputy Director has oversight responsibilities
			Develop internal policies and procedures for administering ERZ and CCJC tax credit programs.	9/14	•••	
6	Evaluate the effectiveness of tax credit programs on job creation and the economy	DRED regularly evaluate the effectiveness of the ERZ, CCJC, and R&D tax credit programs as required by statute to determine whether they have the intended effects on job creation and economic growth.	Introduce legislative clarifications and improvements in the 2015 session.	1/15	••	
			Assess resources required for evaluation of all tax credit programs and incorporate into agency budget request.	10/14	••	

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		We also recommend the DRED determine whether improvements are needed to these tax credit programs to better support the State's economy and create new jobs, and make recommendations to the Legislature accordingly.				
7	Improve administration of, and controls over, the job training grant program	<ul style="list-style-type: none"> <li>•Develop and implement performance measures for the JTG program as required by statute.</li> <li>•Ensure the Job Training Grant Review Committee adheres to laws and rules.</li> <li>•Clarify JTG scoring criteria.</li> <li>•Determine how to best target the JTG to the State's business community, particularly small businesses as the law intended.</li> </ul>	Determine if current performance metrics should be modified and clearly articulate what metrics are used by the program.	2/15	•••	
			Provide regular training to the committee to ensure they adhere to laws and rules.	1/15	•••	Membership and quorum issues have been addressed
			Clarify scoring criteria.	2/15	•••	Some elements may require rule or statutory changes
			Review marketing of program.	8/14	••••	Agency maintains that marketing is appropriate and effective.