



Virginia Office of the State Inspector General

Virginia Economic Development Partnership Performance Audit

July 31, 2025

Report No. 2026-AUD-002



COMMONWEALTH OF VIRGINIA
Office of the State Inspector General

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July 31, 2025

The Honorable Governor Glenn Youngkin
Governor of Virginia
P.O. Box 1475
Richmond, VA 23219

Dear Governor Youngkin,

The Office of the State Inspector General (OSIG) contracted with RSM US LLP, to conduct a performance audit of the Virginia Economic Development Partnership (VEDP). The final report is attached and the VEDP's corrective action plan is attached as Appendix I of the report.

OSIG would like to thank Jason El Koubi, Stephanie Agee, and their staff for their cooperation and assistance during this audit.

Sincerely,

Michael C. Westfall, CPA
State Inspector General

cc: The Honorable John Littel, Chief of Staff to Governor Youngkin
Justin Vélez-Hagan, Deputy Chief of Staff to Governor Youngkin
Kate Stockhausen, Assistant Deputy Chief of Staff to Governor Youngkin
Juan Pablo Segura, Secretary of Commerce and Trade
Maggie Beal, Deputy Secretary of Commerce and Trade
Senator R. Creigh Deeds, Chair, Senate Commerce and Labor Committee
Delegate Jeion A. Ward, Chair House Labor and Commerce Committee
Jason El Koubi, President, Virginia Economic Development Partnership
Ted Sniffin, Executive Vice President, Virginia Economic Development Partnership
Stephanie Agee, Senior Vice President and Chief Administrative Officer, Virginia Economic Development Partnership
Staci Henshaw, Auditor of Public Accounts

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TRANSMITTAL LETTER

July 31, 2025

Michael C. Westfall, CPA
State Inspector General
Office of the State Inspector General
Reid's Row
219 Governor's Street
Richmond, VA 23219

On behalf of RSM US LLP, we are pleased to submit the final report for the performance audit of the Virginia Economic Development Partnership (VEDP), conducted at the request of the Office of the State Inspector General (OSIG) in accordance with Contract #CTR0272815.

This performance audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) and covered the period from July 1, 2022, through the current environment. The audit objectives, defined collaboratively with OSIG, focused on evaluating the adequacy of VEDP's performance metrics for its international trade programs, the reliability of reported program outcomes, the grant award process under the Virginia Leaders in Export Trade (VALET) program, and the use of reimbursement funds across select trade programs.

We would like to thank the leadership and staff at both OSIG and VEDP for their cooperation and responsiveness throughout the audit. Their engagement, professionalism, and commitment to continuous improvement were instrumental in the successful completion of this project. The attached report includes an executive summary, background, objectives and scope, methodology, and detailed findings with related recommendations. We have incorporated management's responses and action plans where applicable.

Executive Summary	This provides a high-level overview and summary of the findings noted in our performance audit of VEDP.
Background	This provides an overview of the VEDP, specifically its international trade programs, as well as relevant background information.
Objectives, Scope, Methodology and Approach	The audit objectives are expanded upon in this section, along with a review of the various phases of our approach as well as our scope and methodology to perform this audit.
Findings Matrix	This section includes a description of the findings noted during our audit, recommended actions, and Management response, including the responsible party and estimated completion date.

Respectfully Submitted,

RSM US LLP

EXECUTIVE SUMMARY

Background

The Virginia Office of the State Inspector General (OSIG) engaged RSM US LLP (Contract #CTR0272815) to conduct a performance audit of the Virginia Economic Development Partnership’s (VEDP) international trade programs and related reimbursement processes.

VEDP, established in 1995, leads economic development efforts in Virginia with the goal of attracting business investment and supporting company growth. A key component of its mission is to help Virginia-based companies expand their reach in global markets. To support this, VEDP administers seven international trade programs that provide export planning, compliance support, financial assistance, and access to international trade opportunities. International trade and other VEDP program outcomes are published in a VEDP report annually.

In FY24, 504 companies participated in one or more of these programs—an increase from 482 the prior year. Across all programs, VEDP reimbursed more than \$3.3 million in eligible expenses. Each program has a defined reimbursement cap, ranging from \$6,800 to \$35,000 per participant. To receive reimbursement, participants must submit itemized receipts, proof of payment, and other required documentation. VEDP staff review these submissions for eligibility and compliance with program guidelines.

VEDP is governed by a 17-member Board of Directors and receives funding through a combination of state appropriations and performance-based incentives. While not a traditional executive branch agency, VEDP is subject to legislative oversight. Several of its grant and incentive programs require approval from the Governor and are evaluated for return on investment to align with statewide priorities.

In 2016, the Joint Legislative Audit and Review Commission (JLARC) identified weaknesses in VEDP’s governance and oversight of incentive programs. In response, the General Assembly enacted reforms in 2017 that strengthened Board governance, improved coordination with state agencies, and introduced more robust performance management. Since then, VEDP has adopted strategic planning practices and implemented centralized tools, including Salesforce, to enhance the consistency and transparency of its operations.

Fieldwork was performed December 2024 through March 2025.

Objectives, Scope, and Methodology

The objective of this performance audit was to evaluate key aspects of VEDP’s international trade programs, with a focus on performance measurement, outcome verification, grant award processes, and reimbursement activity. Specifically, the audit assessed whether program metrics effectively capture performance, whether reported outcomes are supported by reliable data, whether the Virginia Leaders in Export Trade (VALET) grant award process is transparent and well-controlled, and whether reimbursement program funds are used in alignment with stated program guidelines and strategic objectives.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and covered activity during Fiscal Year 2024 (FY24). The following procedures were performed:

- Reviewed policies, procedures, and documentation to understand program design, oversight, and performance tracking.
- Conducted interviews and walkthroughs with VEDP personnel to evaluate roles, responsibilities, and data reporting processes.
- Assessed the alignment, relevance, and accuracy of key performance indicators and validated selected FY24 outcome metrics.
- Evaluated the reliability and completeness of outcome data used in public reporting.
- Reviewed the VALET program participant selection process for a sample of companies to assess transparency, consistency, and adherence to eligibility criteria.
- Evaluated a sample of reimbursement requests to assess compliance with program guidelines, adequacy of supporting documentation, alignment with program objectives, and adherence to funding limits.
- Assessed internal controls and performed a high-level risk assessment that aligns with the audit objectives.

As part of our review, we validated that the documentation collected was sufficient and appropriate to support our audit conclusions.

Overall Results Summary / Highlights

VEDP has implemented standardized processes, maintained consistent application of program guidelines, and demonstrated strong organizational commitment to supporting Virginia businesses through its international trade programs. We noted strong oversight of reimbursement activity, clear program administration, and responsive staff as strengths. However, we identified 3 findings, and 2 improvement opportunities related to limitations in the collection, calculation, and public reporting of outcome data.

We would like to thank all VEDP team members who assisted us throughout this performance audit.

EXECUTIVE SUMMARY (CONTINUED)

Internal Control Significance and Understanding

Although this audit did not comprehensively evaluate internal control effectiveness, elements of internal control were determined to be significant to the audit objectives, particularly in the areas of data collection, outcome calculation methodology, and internal review procedures. The audit included a focus on evaluating the design and implementation of these controls as they relate to the reliability and transparency of reported program outcomes.

Findings Summary

As part of this audit, we evaluated multiple areas of VEDP’s international trade program operations. No findings were identified in the following scope areas:

- The VALET program’s participant selection process, which was reviewed for transparency, consistency, and adherence to eligibility criteria;
- The reimbursement request process, including review of documentation for 25 reimbursement submissions to validate adequacy, accuracy, and alignment with program guidelines;
- The use of program funds, assessed to confirm expenditures were in accordance with stated program objectives; and
- Total reimbursement disbursements, reviewed for compliance with funding limits and program intent.

These areas were found to be functioning as intended based on the procedures performed.

Below is a summary listing of the findings and improvement opportunities identified during this performance audit. Detailed findings and opportunities are included in the findings matrix section of the report.

Summary of Findings

1. **Limitations in Outcome Calculation Methodology**

VEDP applies a consistent internal methodology to calculate program outcomes based on participant survey responses; however, the methodology has not been formally documented, independently validated, or subject to periodic review. Key metrics rely on averaging responses, applying fixed multipliers, and excluding outliers based on a static threshold without statistical support. These practices increase the risk that reported results may not accurately reflect actual program performance.
2. **Limitations in Participant Data Collection and Verification**

VEDP relies on self-reported data from program participants to calculate international sales and job impacts but does not require supporting documentation or provide standardized guidance for reporting estimates. Without clear definitions, instructions, or verification procedures, participants may interpret questions inconsistently, increasing the risk of inaccurate or non-comparable outcome data.
3. **Limitations in Transparency in Reporting Program Outcomes**

VEDP’s public reporting of program outcomes does not disclose that key metrics are based on self-reported estimates or explain the methodology used to calculate results. The absence of disclaimers or summary explanations may lead stakeholders to misinterpret reported figures as precise or independently verified, which may reduce transparency and affect confidence in reported program impact.

Summary of Improvement Opportunities

1. **Strategic and Outcome-Oriented Performance Metrics**

VEDP tracks program participation and estimated sales outcomes; however, current metrics do not fully reflect long-term impact or strategic effectiveness. Incorporating outcome-oriented metrics—such as incremental export growth, export sustainability, market diversification, and return on investment—could improve performance evaluation. Tailoring measurement approaches to each program’s objectives may enhance insight, resource allocation, and external reporting.
2. **Documented Review of Outcome Calculations**

VEDP’s FY24 outcome results were reviewed by senior leadership; however, documentation of this review was limited to email correspondence and did not include confirmation that underlying formulas, assumptions, or exclusions were examined. Implementing a formal, documented review process—such as sign-offs or checklists—could strengthen accountability, improve transparency, and enhance the reliability of reported performance data.

BACKGROUND

Overview

The Virginia Economic Development Partnership (VEDP), established in 1995, promotes economic growth and development across the Commonwealth. A core component of its mission is to expand international trade by increasing the number of Virginia companies exporting goods and services and growing the value of their international business activity year over year.

VEDP is primarily funded through state appropriations. In addition to these appropriations, the Commonwealth offers various performance-based incentive programs administered in coordination with VEDP to attract and retain business investment in Virginia. These incentives are typically awarded to companies that meet specific job creation and capital investment targets. Key programs include the Commonwealth's Development Opportunity Fund, the Virginia Economic Development Incentive Grant, and the Agriculture and Forestry Industries Development Fund.

A 17-member Board of Directors governs VEDP, appoints its President and CEO, and oversees compliance with statutory and Board directives. Companies receiving grant funding must meet eligibility requirements and comply with performance agreements throughout the grant period. Many grants also require approval from the Governor to align with Virginia's broader economic development goals. Both the Secretary of Commerce and Trade and VEDP conduct return-on-investment analyses for each grant. VEDP provides regular updates on grant outcomes to stakeholders, including the Governor and the General Assembly¹.

VEDP offers a range of international trade programs designed to help Virginia companies enter or expand in global markets. In FY24, 504 companies participated across seven international trade programs—an increase from 482 participants in FY23.

VEDP International Trade Program	Program Objective	FY24 Participants ²
Supply Chain Optimization Program (SCOP)	Supports Virginia companies in strengthening supply chains through expert training and financial assistance.	22
Global Defense Program (GDP)	Assists Virginia defense companies in expanding into international markets through strategy, compliance, translation, and research support.	42
Virginia Global Business Internship Program	Matches students from Virginia public colleges with companies for international trade projects, offering hands-on experience and business support.	15
State Trade & Export Promotion (STEP) Grant	Provides financial assistance to help small businesses begin or expand exporting, increasing export activity and value.	132
Regional Export Program	Delivers region-specific export assistance by leveraging local expertise to help companies access international markets.	96
Trade Show Assistance Program	Offers financial support for Virginia companies to exhibit at international trade shows and promote their products.	90
Virginia Leaders in Export Trade (VALET)	A two-year program that accelerates international business growth through financial support and tailored export planning services.	56

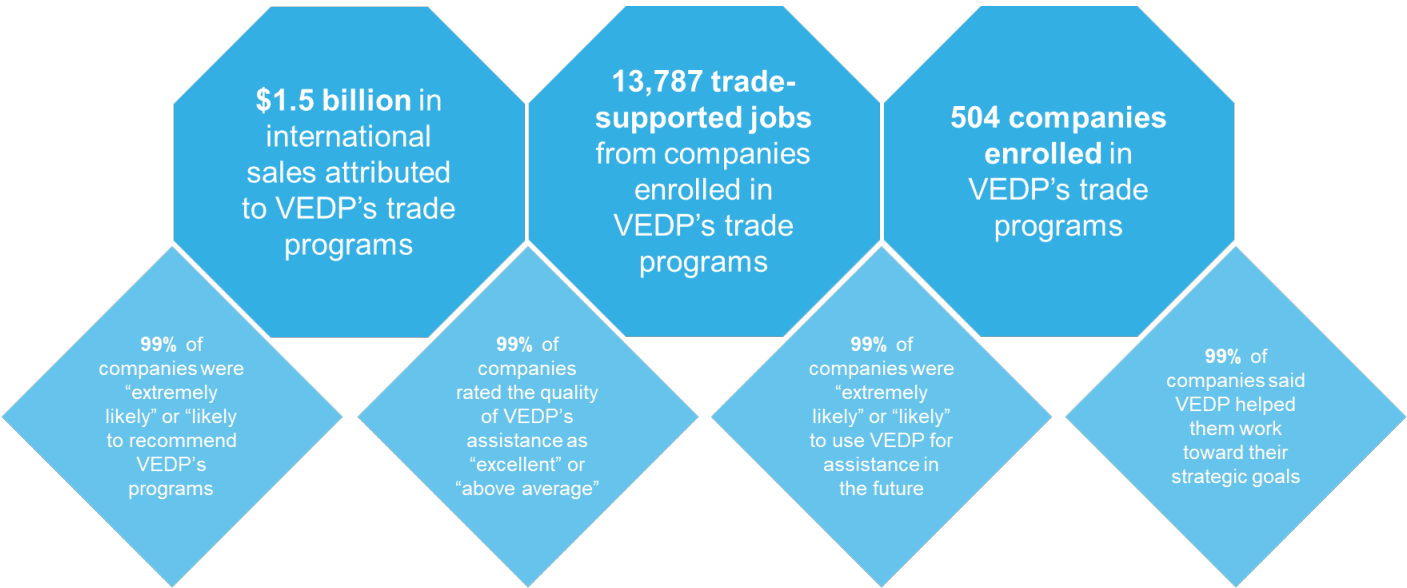
¹ Per VEDP's website: [Virginia Economic Development Partnership](https://www.virginiadevelopment.com/)

² Figures represent companies reimbursed by VEDP in FY24 – not all companies that were enrolled in the FY24 program cycle.

BACKGROUND (CONTINUED)

Overview (continued)

VEDP requires companies to submit baseline data—such as the number of full-time employees (FTEs) and international sales—prior to acceptance into its international trade programs. Upon program completion, VEDP encourages participants to complete an exit survey to provide updated sales data and FTEs. VEDP uses this information to assess program impact and effectiveness. It regularly publishes key outcomes and performance metrics in its annual reports and related publications.³



³ As published within the FY24 Annual Report: [FY24 Annual Report | Virginia Economic Development Partnership](#) and the FY24 Annual Survey Results within the Advisory Committee on International Trade presentation [PowerPoint Presentation](#)

BACKGROUND (CONTINUED)

Reimbursement Process Across International Trade Programs

VEDP's international trade programs include financial reimbursements to participating companies for eligible, program-related expenses. In FY24, VEDP reimbursed over \$3.3 million across seven distinct programs. Each program has a defined maximum reimbursement cap per participant, ranging from \$6,800 to \$35,000, based on the program's structure and objectives.

	VEDP International Trade Program:						
	Supply Chain Optimization	Global Defense	VA Global Internship Program	State Trade Expansion Program	Regional Export	Trade Show Assistance	VA Leaders in Export Trade
Maximum \$ Available per Participant	\$12,000 ⁴	\$10,000	\$6,800 ⁵	\$8,000 ⁶	\$12,000 ⁴	\$12,000 ⁴	\$35,000 ⁷
Total \$ Reimbursed in FY24	\$195,765	\$250,638	\$85,564	\$701,978	\$626,083	\$890,299	\$611,011

VEDP applies standardized reimbursement procedures across all programs. Participants are required to submit itemized receipts or invoices and proof of payment for eligible expenses within the applicable program year. Reimbursement requests that exceed program limits or lack appropriate documentation are not approved.

Reimbursement reviews are performed by VEDP staff to confirm eligibility, accuracy, and compliance with program guidelines. VEDP uses Salesforce as the centralized system for managing reimbursement workflows, including submission, review, approval, and recordkeeping.

Each international trade program includes eligibility and selection requirements tailored to the program's goals. Our review focused on the selection and qualification process for the Virginia Leaders in Export Trade (VALET) program.

VALET Selection and Qualification Process

VEDP has established defined thresholds and review processes to qualify companies for participation in the Virginia Leaders in Export Trade (VALET) program. Eligible companies must meet specific criteria, including minimum years in operation, annual sales, employment levels, and demonstrated commitment to international market expansion. VEDP identifies and invites target companies to complete a pre-screening questionnaire to confirm they meet baseline qualifications. Responses are reviewed by VALET Managers, who also conduct due diligence—including a Dun & Bradstreet assessment—to evaluate financial health and alignment with VEDP's mission. Qualified companies are then invited to formally apply, at which point requirements are verified and reviewed by an internal panel. The panel has discretion to approve participation for companies that may not meet all criteria but are determined to be strong candidates for the program.

VALET International Trade Program	Requirements
Years in Operation	Minimum of 3 years in Operation
Annual Sales	Minimum of \$2 million in Annual Sales
FTE	Minimum of 20 FTE, with 10 residing in VA
Export Strategy Commitment	Commitment to investing \$20,000 in international export strategy
Recent VEDP Engagement	Must complete a meaningful activity with VEDP within the last two years
Primary Point of Contact	Primary point of contact must be located in VA

⁴ \$10,000 limit prior to July 1, 2024

⁵ \$6,000 limit prior to July 1, 2024

⁶ \$6,000 limit prior to October 1, 2024

⁷ \$30,000 limit until July 1, 2024

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objective of this performance audit was to evaluate the adequacy of metrics used in assessing the performance of VEDP's international trade programs, and the extent to which they capture key indicators of effectiveness, assess the effectiveness of VEDP's verification processes for reported program outcomes and the reliability and accuracy of data used, evaluate the process for awarding grants through the VALET program to validate a thorough vetting process is in place, and lastly, to evaluate whether reimbursement program funds are spent in alignment with program guidelines and VEDP objectives.

Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

Our performance audit included the following phases:

Understanding and Documentation of the Process

We began by obtaining an understanding of VEDP's international trade programs, including the design and intent of relevant performance metrics, funding mechanisms, and oversight responsibilities. The following was performed as part of this phase:

- Obtained and reviewed any documented policies and procedures related to international trade programs.
- Conducted interviews and walkthroughs with key personnel to obtain a detailed understanding of operating policies and procedures, roles, and responsibilities within the management of international trade programs.
- Gained an understanding of procedures as they relate to the processes within scope.
- Developed a work plan for evaluating the effectiveness of procedures and controls based on the information obtained through interviews, walkthroughs, and preliminary review of documentation.

Evaluation of the Process and Effectiveness

This phase focused on assessing the effectiveness of the international trade programs and the reliability of reported outcomes in meeting program objectives. We conducted analyses to determine whether performance metrics aligned with program goals, evaluated the validity and accuracy of the data supporting those metrics, and reviewed program oversight practices. As part of this phase, we assessed internal controls and performed a high-level risk assessment that aligns with the audit objectives.

Our activities included:

- Reviewing the appropriateness and alignment of calculated outcomes (i.e. metrics, key performance indicators (KPIs)) with stated program objectives.
- Assessing whether calculated outcomes provided an effective measurement of performance against goals.
- Evaluating the reliability, completeness, and accuracy of data used to report outcomes.
- Reperforming calculation of FY24 reported outcomes for VEDP international trade programs to validate accuracy of published outcomes.
- Reviewing the VALET program's participant selection process for transparency, consistency, and adherence to eligibility criteria for a sample of nine (9) participants.
- Reviewing support for a sample of twenty-five (25) reimbursement requests to evaluate the reimbursement request process and validate that adequate support was obtained, reviewed, and maintained in alignment with program guidelines.
- Inspecting reimbursement requests to validate program funds were spent in accordance with program objectives.
- Assessing total reimbursement disbursements for compliance with funding limits and program intent.

OBJECTIVES, SCOPE, AND METHODOLOGY (CONTINUED)

Scope Limitations: RSM's assessment was limited by the nature of the data and the structure of VEDP's outcome tracking systems. Specifically:

- VEDP does not separately track or report post-program outcomes specific to VALET participants. As a result, RSM could not assess program benefits beyond participation for that initiative.
- All outcome data reviewed by RSM was based on self-reported estimates submitted voluntarily by program participants through surveys. No independent documentation or external validation procedures were available to verify the accuracy of reported results (this limitation is expanded upon within Finding #1).
- RSM validated the internal consistency of reported outcomes by reviewing underlying survey data, supporting documentation, and reperformed calculations. However, the scope of work did not include verifying the factual accuracy or reliability of participant-reported outcomes (this limitation is expanded upon within Finding #2)

Internal Control Significance and Understanding: Although this audit did not comprehensively evaluate internal control effectiveness, elements of internal control were determined to be significant to the audit objectives, particularly in the areas of data collection, outcome calculation methodology, and internal review procedures. The audit included a focus on evaluating the design and implementation of these controls as they relate to the reliability and transparency of reported program outcomes.

Fraud Risk Assessment: We considered risks of fraud, waste, and abuse related to the audit objectives; no instances of fraud were identified during the audit.

Significant Assumptions: The performance audit relied on the following significant assumptions in drawing conclusions:

- Reported international sales and job impact figures are based on self-reported data from program participants and were not independently verified.
- VEDP's job multiplier of 9 jobs per \$1M in international sales was developed internally and applied uniformly to estimate employment outcomes.
- Calculation methodologies (e.g., attribution percentages, exclusion of responses over \$400M) are based on VEDP's established practices, which have not been externally validated.
- Survey response data was assumed to be reasonably representative of overall program participation, though response rates varied by program and year.
- Outcome calculations reviewed and recalculated by auditors were assumed to be reasonable representations of program results based on these underlying assumptions.

REPORTING

We summarized the results of our evaluation in this report, including findings, conclusions, and any identified recommendations for improvement. A summary of the views of responsible officials in the form of management responses to our findings have been included. We considered Management responses in developing our final recommendations.

FINDINGS MATRIX

Finding #1	Limitations in Outcome Calculation Methodology																			
Description	Background and Criteria																			
	<p>The VEDP reports annually on the outcomes of its international trade programs, including metrics such as existing international sales, new or increased international sales, and jobs supported. These outcomes are calculated by VEDP team members using a methodology based on the participant annual survey responses (“Program Exit Survey”). Although this methodology has been consistently applied across programs and fiscal years, it was originally developed in-house by VEDP and has not been subject to a recurring process for internal or external review.</p> <p>An external review of outcome calculations was conducted in 2018 by the Chair of the Department of Statistical Sciences at Virginia Commonwealth University. Additionally, the jobs multiplier used to estimate employment impacts—9 jobs supported per \$1 million in international sales—was developed by a VEDP economist in 2014 using client-reported data from 10 VALET program cohorts and modeled using IMPLAN.</p> <p>Participants are required to submit estimated international sales figures prior to receiving program support and are asked to voluntarily report updated estimates upon program completion via an exit survey. VEDP uses these self-reported figures to calculate aggregate performance outcomes for its programs.</p> <p>While there is no formal federal or state guidance governing how program outcomes should be calculated, public entities are expected to follow professional standards that promote transparent, consistent, and reliable performance reporting. Methodologies used to calculate and report outcomes should be clearly documented—including assumptions, formulas, and thresholds—based on reasonable and supportable assumptions grounded in analysis or validated sources, consistently applied across programs and time periods, and periodically reviewed to ensure continued alignment with program goals and evolving conditions. While not mandatory for VEDP, these expectations align with internal control standards such as the <i>Standards for Internal Control in the Federal Government</i> (Green Book), which emphasize the importance of generating quality information (Principle 13) and designing control activities to support reliable, decision-useful reporting (Principle 10).</p>																			
	Detail																			
	<p>A. International Trade Program Outcome Calculations:</p> <p>i. Existing International Sales – FY24: The VEDP FY24 Annual Report reported \$753,833,943 in existing international sales attributed to the support of VEDP’s international trade programs. This figure was based on participant responses to the following survey questions:</p> <ul style="list-style-type: none">• “Please provide your company’s total estimated international sales for 2024.”• “Approximately what percentage of your estimated international sales for 2024 were supported by Virginia’s trade programs and services?” <p>VEDP calculated the average estimated international sales across all post-program survey respondents to be \$7,222,361, then applied attribution multipliers based on the number of respondents in each range:</p>																			
	<table><tr><th>Attribution Range</th><th>Number of</th><th>Multiplied</th><th>Total Contribution</th></tr><tr><td>75% – 100%</td><td>50</td><td>87.5%</td><td>\$315,978,299</td></tr><tr><td>50% – 75%</td><td>31</td><td>62.5%</td><td>\$139,933,247</td></tr><tr><td>25% – 50%</td><td>57</td><td>37.5%</td><td>\$154,377,969</td></tr><tr><td>0% – 25%</td><td>159</td><td>12.5%</td><td>\$143,544,427</td></tr></table>	Attribution Range	Number of	Multiplied	Total Contribution	75% – 100%	50	87.5%	\$315,978,299	50% – 75%	31	62.5%	\$139,933,247	25% – 50%	57	37.5%	\$154,377,969	0% – 25%	159	12.5%
Attribution Range	Number of	Multiplied	Total Contribution																	
75% – 100%	50	87.5%	\$315,978,299																	
50% – 75%	31	62.5%	\$139,933,247																	
25% – 50%	57	37.5%	\$154,377,969																	
0% – 25%	159	12.5%	\$143,544,427																	
	<p>According to VEDP, reported outcomes are based solely on responses received from survey participants, which typically represent approximately 60% of all program participants. VEDP does not extrapolate results to non-respondents. Management indicated this approach reflects a conservative methodology that may understate the full impact of its international trade programs.</p>																			

FINDINGS MATRIX (CONTINUED)

Finding #1	Limitations in Outcome Calculation Methodology (continued)
	<p>Detail (continued)</p> <p>To illustrate the impact of methodology, RSM recalculated the outcome using the sum of individual responses, yielding ~\$568 million—approximately \$185 million less than VEDP’s average-based estimate. This variance highlights how methodological choices can significantly affect reported results.</p> <p>ii. <i>New or increased international sales – FY24:</i> The VEDP FY24 Annual Report reported \$778,062,804 in new or increased international sales attributed to VEDP’s international trade programs. This figure was based on participant responses to the survey question:</p> <ul style="list-style-type: none"> “Based on your interaction with VEDP - International Trade over the past year, what amount of new or increased international sales do you expect to secure due to the support you’ve received from VEDP’s trade programs and services?” <p>To illustrate the impact of methodology, RSM recalculated the outcome using the sum of individual responses, yielding ~\$749 million —approximately \$29 million less than VEDP’s reported estimate. This variance highlights how methodological choices can significantly affect reported results.</p> <p>iii. <i>Total international sales – FY24:</i> The VEDP FY24 Annual Report reported total international sales attributed to its international trade programs of \$1,531,896,746, calculated by summing the reported existing international sales and new or increased international sales.</p> <p>To illustrate the impact of methodology, RSM recalculated the total using the sum of individual responses for each category, yielding ~\$1.317 billion—approximately \$214 million less than reported. This variance highlights how methodological choices can significantly affect reported results.</p> <p>iv. <i>Jobs supported by VEDP’s trade programs – FY24:</i> The VEDP FY24 Annual Report reported that its international trade programs supported 13,123 jobs in FY24. This figure was calculated using a jobs multiplier of 9 jobs per \$1 million in international sales. According to VEDP management, the multiplier was developed in 2014 by a VEDP economist using client-provided sales data from 10 VALET program cohorts over a five-year period and input into IMPLAN, a commonly used economic modeling tool. While this method leverages industry-approved software, the underlying analysis has not been reviewed or updated since its original development.</p> <p>B. VEDP excludes participant responses with reported international sales above \$400 million from its calculations, treating them as outliers. However, this threshold is not statistically derived or formally validated. The continued use of a fixed exclusion threshold may introduce bias, especially as data distributions shift over time.</p> <p>C. VEDP does perform validation checks on reported data; however, there is no established process for reviewing or updating the underlying methodology itself—including assumptions, formulas, or outlier logic—to reflect evolving program needs or best practices.</p> <p>Cause</p> <p>Although VEDP obtained external validation of its methodology in 2018, no process is currently in place to support ongoing internal or external review as data trends and program needs evolve.</p> <p>Effect</p> <p>Without a documented periodically reviewed methodology, VEDP’s outcome calculations may not reliably reflect actual program performance. The use of internally developed assumptions—such as fixed multipliers and a static outlier threshold—without statistical support increases the risk that reported results may be inadvertently overstated, understated, or inconsistently applied. As these metrics are used to communicate program impact, inform strategic decisions, and support public funding requests, any lack of methodological rigor or transparency may reduce the credibility of reported outcomes and affect stakeholder confidence in the data. Over time, this may limit the usefulness of the information for performance evaluation, comparability, and decision-making.</p>

FINDINGS MATRIX (CONTINUED)

Finding #1	Limitations in Outcome Calculation Methodology (continued)
Recommendation	<p>We recommend the following:</p> <ol style="list-style-type: none"> 1. Consolidate and formally document the rationale behind VEDP's calculation methodologies, formulas, assumptions, and thresholds. While VEDP provided the formulas and underlying documentation, clearly capturing the reasoning behind key methodological choices—such as attribution ranges and outlier treatment—in a single reference document would enhance transparency and support consistency over time. 2. Conduct a recurring review—such as an annual or biennial assessment—of the documented methodology and reported outcomes to evaluate whether the measurements evaluated and their corresponding assumptions, formulas, and data treatments remain appropriate with the objectives of each program and align with VEDP's goals and evolving data trends. All reviews of the methodology—whether internal, external, or informal—should be documented to capture who conducted the review, when it occurred, and what aspects were evaluated, to support traceability and accountability over time. 3. Reassess the current \$400 million outlier exclusion threshold and apply statistically supported techniques (e.g., distribution analysis, standard deviation) to identify and validate outliers, rather than using a static dollar value. 4. Consult with an external consultant, data analytics specialist, or academic resource to periodically review the appropriateness of VEDP's calculation methodologies and provide recommendations for improvement. Additionally, consider a periodic independent economic impact study to validate programmatic results.

FINDINGS MATRIX (CONTINUED)

Finding #2	Limitations in Participant Data Collection and Verification
<p>Description</p>	<p>Background and Criteria</p> <p>VEDP collects participant-reported data through pre- and post-program surveys to estimate the impact of its international trade programs. Participants are asked to report estimated international sales prior to receiving program support and to provide updated estimates of new or increased international sales upon program completion. These data points form the foundation of VEDP's outcome reporting, including total international sales attributed to its programs and jobs supported.</p> <p>While self-reported data is common in economic development and international trade programs, it is generally considered most reliable when paired with clear reporting guidance, defined terms, and, where feasible, supporting documentation or verification procedures. Organizations such as the Council for Community and Economic Research and the U.S. Economic Development Administration also recommend that outcome data used to demonstrate public value be supported, when feasible, by documentation, certification, or third-party validation.</p> <p>In the absence of specific statutory or regulatory requirements governing VEDP's data collection and reporting practices, public performance reporting is expected to follow established standards for transparency, consistency, and internal control design. Outcome data used for external reporting should be based on clearly defined terms, collected through structured and standardized instruments, and supported—where feasible—by documentation or validation procedures that promote reliability and comparability. These expectations align with principles from the <i>Standards for Internal Control in the Federal Government</i> (Green Book), including Principle 10, which calls for the design of control activities that respond to program risks, and Principle 13, which emphasizes the need to collect and process quality information from reliable sources. While not mandatory for VEDP, these principles reflect widely accepted best practices for the development and oversight of outcome measures used in public sector decision-making and accountability reporting.</p> <p>Detail</p> <ul style="list-style-type: none"> A. VEDP does not require participants to submit documentation—such as accounting records, invoices, jobs reports, or financial statements—to support reported international sales or job impacts. All data used in outcome reporting is based solely on participant estimates provided through surveys. B. VEDP's current survey instrument uses simple terminology such as “existing” and “new” international sales, which are commonly understood by participating companies. While the survey includes some standardized guidance, additional clarification or examples may help ensure consistent interpretation across respondents. Without enhanced guidance, there remains a risk that participants may apply varying methods to estimate or report sales, potentially reducing data comparability. <p>Cause</p> <p>VEDP has not implemented procedures to guide participants in accurately reporting outcome data or to validate the reliability of reported results.</p> <p>Effect</p> <p>Without enhanced guidance for survey responses or procedures to verify participant-reported data—as recommended by entities such as the U.S. Economic Development Administration, the Council for Community and Economic Research, and several state oversight bodies—VEDP's outcome reporting may be based on inconsistent or inaccurate estimates. The lack of supporting documentation limits VEDP's ability to evaluate the reasonableness of self-reported international sales figures and may reduce the transparency and credibility of its reported program impacts.</p>

FINDINGS MATRIX (CONTINUED)

Finding #2	Limitations in Participant Data Collection and Verification (continued)
Recommendation	<p>We recommend the following:</p> <ol style="list-style-type: none"> 1. Review and expand existing survey guidance by incorporating additional clarifying language or examples to promote consistency in how participants report international sales data. While current terms may be familiar to participants, supplemental guidance (e.g., FAQs, defined examples) can help reinforce consistent understanding and improve data quality across respondents. 2. Require the post-program survey and incorporate a formal acknowledgment at the time of program enrollment indicating that completion of a post-program survey is a requirement of participation. With legal counsel's consideration, the acknowledgment should clarify that failure to complete the survey may affect eligibility for future funding opportunities. 3. Evaluate the feasibility of implementing verification procedures for participant-reported outcomes. This could include: <ul style="list-style-type: none"> • Requiring participant certification or attestation that reported figures are accurate to the best of their knowledge. • Requesting limited supporting documentation (e.g., summary financial reports, sales records) for VEDP defined high-dollar claims or selected program participants. • Using program design strategies such as extended performance periods, where appropriate, to allow for future submission of actual results rather than estimates.

FINDINGS MATRIX (CONTINUED)

Finding #3	Limitations in Transparency in Reporting Program Outcomes
<p>Description</p>	<p>Background and Criteria</p> <p>VEDP publishes annual reports and related materials to communicate the outcomes of its international trade programs to stakeholders, including state leadership, funding bodies, and the public. These reports present performance metrics such as total international sales attributed to VEDP, new or increased international sales, and jobs supported as a result of program participation.</p> <p>Public reporting plays a critical role in demonstrating program effectiveness, maintaining accountability for the use of public funds, and building stakeholder trust.</p> <p>In the absence of formal requirements for economic development reporting, public entities are expected to present outcome data transparently, especially when based on self-reported or unaudited information. Effective performance reporting should disclose the source of the data, summarize how key metrics are calculated, and include narrative context or disclaimers to clarify limitations. These practices support accountability, help stakeholders interpret results appropriately, and reflect widely accepted standards for public sector reporting.</p> <p>Detail</p> <p>VEDP's public-facing reports present program outcome metrics without disclosing that the figures are based on participant self-reported estimates. Additionally, the reports do not describe the internal calculation methodologies used—such as averaging, extrapolation, or the exclusion of outlier responses—nor do they acknowledge the inherent limitations of relying on unaudited, self-reported survey data.</p> <p>Cause</p> <p>VEDP's current reporting practices do not include requirements or protocols to disclose the estimation basis of reported metrics or provide summary explanations of the calculation methodology.</p> <p>Effect</p> <p>Without disclosing the assumptions, methodologies, and limitations associated with its outcome calculations, VEDP risks stakeholders misinterpreting reported figures as precise or independently verified. This may create unrealistic perceptions of program impact and reduce transparency regarding how outcomes are developed and reported. Over time, the absence of clear disclosure may affect stakeholder trust and diminish the perceived credibility of VEDP's performance reporting.</p>
<p>Recommendation</p>	<p>We recommend the following:</p> <ol style="list-style-type: none"> 1. Include a clear disclaimer within public reports and publications noting that outcomes are based on participant self-reported estimates and may not reflect independently verified data. As noted with Finding #2, estimates are not subsequently validated with actual results. 2. Include narrative language within public-facing materials to explain the inherent limitations of using estimated, self-reported data, and the potential variability of reported outcomes. 3. Provide a summary or appendix within public reports that describes, at a high level, the methodologies used to calculate aggregate performance metrics, including the use of averaging, extrapolation, and treatment of outliers. Alternatively, include a statement indicating where additional methodology details may be found or how they may be requested.

OPPORTUNITY FOR IMPROVEMENT MATRIX -

In addition to formal findings, this report includes observations categorized as opportunities for improvement. These are areas where VEDP's existing practices appear reasonable but could be enhanced to strengthen program effectiveness, data quality, or transparency. While these observations do not reflect deficiencies against defined criteria or require corrective action, they are offered to support continuous improvement and align with leading practices in performance measurement and public reporting.

Opportunity #1	Strategic and Outcome-Oriented Performance Metrics
Description	<p>Background</p> <p>VEDP's international trade programs reports core metrics such as the number of participating companies, total international sales attributed to programs, and estimated jobs supported. While these indicators provide insight into program activity and scale, they may not fully capture the long-term effectiveness or strategic impact of trade promotion efforts, or the desired objectives of the individual trade programs being measured. While VEDP collects detailed outcome data for companies in its core programs—such as VALET, REP, SCOP, and GDP—the reporting is aggregated at the trade mission level rather than by individual program or activity. This approach reflects the challenges of isolating outcomes when companies engage in multiple programs or activities within a given timeframe.</p> <p>Detail</p> <p>More advanced performance measurement approaches include metrics designed to capture strategic and sustained results. These may include:</p> <ul style="list-style-type: none">• Incremental export growth attributable to program participation: Measures the change in export sales directly attributable to program participation. This involves collecting baseline export data prior to program entry and comparing it to post-program results over defined intervals (e.g., 6 months, 1 year, 2 years), isolating the program's contribution from broader market trends.• Sustainability of export sales beyond the program period (e.g., 2–5 years): Assesses whether export gains persist over time, rather than representing one-time spikes. This metric tracks whether participants maintain or grow international sales in subsequent years after completing the program.• Export diversification, including entry into new markets or product categories: Evaluates a company's entry into new international markets or expansion into new product categories. This may include measuring the number of markets served before and after participation or tracking changes in market concentration using indices such as the Herfindahl-Hirschman Index.• Return on investment (ROI) by program type and segment: Calculates the financial return generated from program costs. This can be expressed as: $(\text{Export Sales Attributable to Program} - \text{Program Cost}) / \text{Program Cost} \times 100$. More advanced models control for organic export growth and external factors using comparison groups or statistical models.• Market share progression in foreign markets: Measures whether a company grows its presence in a given international market, moving from initial entry to an established or leading position. This could involve tracking export volume, customer growth, or distribution expansion in target markets.• Business Relationship Development: Captures the number and quality of international distributors, buyers, or partners secured through program support. This may also include the success rate of converting leads from trade shows or missions into active export relationships. <p>Additionally, evaluation models and performance metrics could be tailored to the specific goals of each trade program. For example, long-term strategic programs like VALET may benefit from metrics focused on export sustainability, ROI, and market expansion, while short-term or transactional programs—such as trade show assistance—may be better assessed using metrics such as time to first sale, conversion rates from leads, or number of qualified contacts. A uniform approach across all programs may not fully capture their distinct purposes or outcomes.</p>

OPPORTUNITY FOR IMPROVEMENT MATRIX (CONTINUED)

Opportunity #1	Strategic and Outcome-Oriented Performance Metrics (continued)
	<p>Effect</p> <p>Without expanded, outcome-oriented metrics, VEDP may be unable to fully demonstrate the long-term impact of its unique international trade programs, which could limit insight into the most effective strategies, constrain resource optimization, and hinder external stakeholders' ability to assess the return on public investment.</p>
<p>Recommendation</p>	<p>We recommend that VEDP enhance its performance measurement framework to incorporate more outcome-oriented metric reporting that reflect the long-term and strategic impact of its international trade programs. As described in the <i>Detail</i> section above, this could include measures such as incremental export growth, export sustainability, return on investment, and market diversification.</p> <p>In doing so, VEDP should:</p> <ol style="list-style-type: none"> 1. Develop or identify tracked internal metrics that measure outcomes over time, such as incremental export growth, export sustainability, and market diversification; 2. Utilize established baseline data for participants to enable tracking of results before, during, and after program participation; 3. Differentiate performance indicators by program type to align with each program's objectives, duration, and intended outcomes; and 4. Periodically review and refine the measurement framework to maintain relevance, support decision-making, and communicate program value to stakeholders.

OPPORTUNITY FOR IMPROVEMENT MATRIX (CONTINUED)

Opportunity #2	Documented Review of Outcome Calculations
Description	<p>Background</p> <p>Public entities responsible for reporting program outcomes should have clearly documented internal review processes to verify the accuracy and consistency of reported data. Supervisory review of calculation methodologies—including key assumptions, formulas, and data exclusions—should be documented in a manner that allows for traceability, supports accountability, and reinforces the reliability of reported performance results. These expectations align with professional norms for public sector accountability and internal control.</p> <p>Detail</p> <p>For the FY24 outcome calculations related to international sales and jobs supported, RSM observed that a Vice President acknowledged reviewing the results via email. However, no documentation was provided to confirm that the underlying calculations, attribution multipliers, or exclusion logic were reviewed in detail. While the calculation results appeared accurate and consistent with the applied methodology, the absence of formal documentation of the review process limits transparency.</p> <p>Effect</p> <p>In the absence of documented, traceable review of key calculation components, VEDP may have reduced ability to demonstrate internal oversight and accountability over the accuracy of performance data used in public reporting. Over time, informal review practices may result in inconsistent application of oversight or reduce the clarity of the audit trail supporting key performance figures.</p>
Recommendation	<p>We recommend that VEDP enhance its internal control framework by implementing a formal review and approval process for outcome calculations including:</p> <ul style="list-style-type: none"> • Assigning responsibility for reviewing and approving the methodologies, assumptions, and formulas used in performance reporting; • Using standardized tools such as review checklists, annotated workpapers, or calculation sign-offs; and • Retaining documentation of the review as part of the support file for public-facing outcome metrics.

APPENDIX – VEDP RESPONSE LETTER



July 15, 2025

Mr. Michael C. Westfall
State Inspector General
Office of the State Inspector General
P.O. Box 1151
Richmond, VA 23218

Dear Inspector General Westfall,

I would like to thank you, your team at OSIG, and the RSM audit team for your recent review of VEDP's International Trade programs. We appreciate the professionalism and collaborative approach of the audit team which resulted in a smooth process throughout the review. Thank you also for the opportunity to review and respond to the audit findings and opportunities.

VEDP is proud of the programs and resources we have developed to assist Virginia businesses in succeeding in the global marketplace, which are considered best-in-class and earned the division their second E-Star Award for excellence from the U.S. Department of Commerce in 2024. We are pleased this audit confirmed that VEDP has effectively implemented standardized processes and consistently applied program guidelines, showing a strong commitment to supporting Virginia businesses through its international trade programs. The audit found that VEDP's reimbursement request process, use of program funds, and the VALET program's participant selection were transparent, accurate, and aligned with program goals. These achievements reiterate the results of recent audits and studies of VEDP's International Trade division, including:

- A 2024 audit by VEDP's internal auditor, Forvis Mazars, which found no issues or recommendations for VEDP's International Trade division, confirming that international trade programs and performance metric reporting were functioning effectively.
- A 2025 audit by Goldschmitt and Associates on behalf of the U.S. Small Business Administration which reviewed VEDP's financial administration of the State Trade Expansion Program Grant and had no findings related to VEDP's financial compliance, internal controls, and grant performance compliance.
- A 2022 report on Trade and Transportation Incentives by the Joint Legislative Audit Review Commission (JLARC) which reported that two specific VEDP International Trade programs generate economic benefits and a return in state revenue that are substantially higher than average for grant and incentive programs. The report also found that participants in these programs report positive impacts when responding to VEDP's annual survey.

Please find below more detailed responses related to each of the findings and opportunities in the report.

FINDING 1 – Limitations in Outcome Calculation Methodology

Following RSM's review of VEDP's performance measure calculations, we appreciate the confirmation that VEDP's methodology to calculate program outcomes has been consistently applied across programs and fiscal years and that those calculations were assumed to be reasonable representations of program results. To provide additional insight into these performance measures, we would like to outline the reasoning and methodology behind several metrics discussed in the report:

- VEDP calculates existing and new international sales using an average to avoid large variances in the data from year to year that could be caused by one or a few companies with substantial international sales responding or not responding to the survey.

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- International sales outliers above \$400M have been excluded from results to avoid overstating the impact of VEDP's programs. Although this practice has been consistently applied since 2016, this threshold will be reassessed in response to this audit's findings.
- Perhaps most importantly, VEDP has taken a conservative approach to calculating international sales by only counting sales data from companies that respond to the survey (~60%) rather than extrapolating those results for all companies assisted during the fiscal year.

In response to this finding, we agree that an additional external review of the calculation methodologies, a single source of documentation, and a regular review schedule will further bolster the performance measures of the International Trade division. VEDP will consult with an external consultant, data analytics specialist, or academic resource to review the calculation methodologies and reassess the outlier exclusion threshold by March 31, 2026. Following this review, VEDP will update and consolidate existing documentation about the calculation methodologies, formulas, assumptions, and thresholds into a single document by June 30, 2026. VEDP will conduct a recurring review of the methodology, assumptions, formulas, and data treatments to confirm that they align with VEDP's goals and programs. This review will be conducted at least once every five years, or more frequently if there is a substantial change in the International Trade division's goals that would require a re-evaluation of performance measure methodology.

FINDING 2 – Limitations in Participant Data Collection and Verification

While finding two focused primarily on international sales and jobs, it is important to note that another of VEDP's key performance measures is the number of clients enrolled each fiscal year, in alignment with the industry best practices described in a 2018 study by the State International Development Organizations. International sales data and the resulting calculation of trade-supported jobs can vary from year to year with economic trends, but the number of Virginia businesses supported by VEDP and the quality of that support directly reflect VEDP's efforts. VEDP consistently meets or exceeds its goals to support a specific number of businesses each year and achieves world-class satisfaction ratings. In FY2024, for example, 99% of companies were extremely likely or likely to recommend VEDP's export assistance programs to other Virginia companies.

To capture the impact of these programs and services on international sales and trade-supported jobs, VEDP collects data on international sales through an annual survey of client companies that have participated in a VEDP international trade activity in the last year, reflecting the wide use of self-reported data in economic development and international trade programs. VEDP's annual survey includes commonly understood terminology that is consistent each year. In response to recommendation one, VEDP will review the survey and add supplemental guidance to reinforce understanding across respondents. This review will be completed, and any adjustments will be implemented by June 30, 2026, before the next annual survey is sent.

Regarding recommendation two, VEDP does not send pre- and post-program surveys due to the potential for survey fatigue and the limited ability to isolate the impact of one program or service when a company receives several types of VEDP support during a fiscal year. Rather we send one survey to each company that participated in a program or service with us in a particular fiscal year. Responding to the survey is optional, but companies are strongly encouraged to do so and follow-up communications are sent during the weeks that the survey is open to further encourage responses from companies. We are concerned that requiring survey responses would negatively impact data quality by encouraging response bias and insincere answers, ultimately reducing the usefulness of the results, a potential consequence noted by survey methodologists of requiring survey responses. VEDP relies on these surveys not just to collect sales figures but also feedback on customer service and our programs and

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resources. We use the feedback to improve programs and ensure they deliver value to businesses, emphasizing the need for responses that are not directly influenced by receipt of program funds.

We will consult with our legal counsel to determine whether failure to complete an annual survey could affect eligibility for future funding opportunities. This review will be conducted by December 31, 2025. As an interim measure, all program applications have been updated to require participating companies to agree to the following terms: "In July, all participating businesses will be sent a survey to measure the impact of VEDP's trade programs. Participation in this survey is strongly encouraged, and feedback will be used to help VEDP improve its programs and services."

Regarding recommendation three, we will review the feasibility of implementing verification procedures for participant outcomes. This review will be conducted by December 31, 2025.

FINDING 3 – Limitations in Transparency in Reporting Outcomes

VEDP's annual report is designed to effectively communicate the organization's work and impact in a way that resonates with target audiences. While the publication has not historically included detailed methodologies, calculations, or disclaimers, this approach is intended to focus attention on key messages rather than to mislead stakeholders. To provide full transparency, VEDP will include disclaimers in public reports and publications to note that international sales figures are based on participant self-reported estimates and are not independently verified. VEDP will also include a statement in these materials to note where additional methodology details and information about the limitations of self-reported data may be found. These actions will be implemented for materials that are published on or after October 1, 2025.

OPPORTUNITY 1 – Strategic and Outcome Oriented Performance Metrics

We appreciate this recommendation and the report's consideration of collecting data and reporting across multiple programs and services. As additional background information, VEDP captures many of the recommended outcomes and results for companies participating in individual programs. For example, companies participating in VEDP's one- and two-year export development programs develop goals, which VEDP reviews and approves, and report on their progress toward those goals throughout their time in the program. These goals can include market entry, market diversification, and market share progression. Each company's goals are different, and these outcomes are tracked at the individual company level. While this information can be beneficial, VEDP balances this with the risks of survey fatigue and the challenges of over-reporting to stakeholders on a program level. Additionally, Virginia businesses can receive multiple categories of support during a fiscal year, such as participating in the Regional Export Program and a trade mission. It is not possible to isolate with reasonable precision the impact of a program versus a trade mission on a company's annual outcomes. As a result, VEDP uses aggregate outcomes that are not segmented by program or activity.

OPPORTUNITY 2 – Documented Review of Outcome Calculations

Currently, International Trade's performance measure calculations are conducted by a member of the division's senior leadership, with the title of Managing Director, and reviewed by a Senior Vice President, and this audit confirmed that calculations were accurate and consistent with the applied methodology. To further strengthen this review process, VEDP will implement a formal, documented review process that outlines assigned responsibilities, utilizes standardized tools, and includes documentation of the review

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of the methodologies, assumptions, and formulas used in performance reporting. This will be implemented by June 30, 2026.

Thank you again for the thorough review of VEDP's International Trade programs and performance measures. We appreciate the validation of the processes and guidelines utilized in the execution of our work, as well as our strong oversight of reimbursement activity and program administration. As noted, VEDP and our International Trade division are deeply committed to supporting Virginia companies via these important services. It is also important that we calculate and report our outcome data with clear and sound methodologies and we look forward to enhancing our efforts in this area with the recommendations you have made.

Sincerely,



Jason El Koubi
CEO




VEDP's Corrective Action Plan (Draft)

Finding No.	Recommendation	Correction Action	Deliverable	Estimated Completion Date	Responsible Position
Finding 1	VEDP applies a consistent internal methodology to calculate program outcomes based on participant survey responses; however, the methodology has not been formally documented, independently validated, or subject to periodic review. Key metrics rely on averaging responses, applying fixed multipliers, and excluding outliers based on a static threshold without statistical support. These practices increase the risk that reported results may not accurately reflect actual program performance.	<ul style="list-style-type: none"> VEDP will work with an external consultant, data analytics specialist, or academic resource to review the calculation methodologies and reassess the outlier exclusion threshold by March 31, 2026. VEDP will update and consolidate existing documentation about the calculation methodologies, formulas, assumptions, and thresholds into a single document by June 30, 2026. VEDP will conduct a recurring review of the methodology, assumptions, formulas, and data treatments at least once every five years in alignment with the update of VEDP's strategic plan, or more frequently if there is a substantial change in goals that would require a re-evaluation of performance measure methodology. 	<ul style="list-style-type: none"> Documentation and results from an external review of VEDP's calculation methodologies Consolidated documentation on performance measure calculation methodologies, formulas, assumptions, and thresholds 	<ul style="list-style-type: none"> March 31, 2026 June 30, 2026 	Senior Vice President, International Trade
Finding 2	VEDP relies on self-reported data from program participants to calculate international sales and job impacts but does not require	<ul style="list-style-type: none"> VEDP will consult with its legal counsel to determine whether survey completion should affect eligibility for 	<ul style="list-style-type: none"> Review of survey completion requirement and outcome 	<ul style="list-style-type: none"> December 31, 2025 June 30, 2026 	Senior Vice President, International Trade

	supporting documentation or provide standardized guidance for reporting estimates. Without clear definitions, instructions, or verification procedures, participants may interpret questions inconsistently, increasing the risk of inaccurate or non-comparable outcome data.	<ul style="list-style-type: none"> funding. This review will be conducted by December 31, 2025. As an interim measure, all program applications have been updated to strongly encourage participation in the annual survey. VEDP will review the survey and add supplemental guidance to reinforce understanding across respondents. This review will be completed, and any adjustments will be implemented, by June 30, 2026. VEDP will review the feasibility of implementing verification procedures for self-reported international sales figures. This review will be conducted by December 31, 2025. 	<ul style="list-style-type: none"> verification procedures Revised annual survey with supplemental guidance 		
Finding 3	VEDP's public reporting of program outcomes does not disclose that key metrics are based on self-reported estimates or explain the methodology used to calculate results. The absence of disclaimers or summary explanations may lead stakeholders to misinterpret reported figures as precise or independently verified, which may reduce transparency and affect confidence in reported program impact.	VEDP will include disclaimers in public reports and publications to note that international sales figures are based on participant self-reported estimates and are not independently verified. VEDP will also include a statement in these materials to note where additional methodology details and information about the limitations of self-reported data may be found.	Materials published on or after October 1, 2025 will include these changes	October 1, 2025	Senior Vice President, International Trade

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Opportunity 1	VEDP tracks program participation and estimated sales outcomes; however, current metrics do not fully reflect long-term impact or strategic effectiveness. Incorporating outcome-oriented metrics—such as incremental export growth, export sustainability, market diversification, and return on investment—could improve performance evaluation. Tailoring measurement approaches to each program's objectives may enhance insight, resource allocation, and external reporting.	VEDP has provided additional context about this opportunity in the management response.	Not applicable	Not applicable	Not applicable
Opportunity 2	VEDP's FY24 outcome results were reviewed by senior leadership; however, documentation of this review was limited to email correspondence and did not include confirmation that underlying formulas, assumptions, or exclusions were examined. Implementing a formal, documented review process—such as sign-offs or checklists—could strengthen accountability, improve transparency, and enhance the reliability of reported performance data.	To further strengthen VEDP's review process, VEDP will implement a formal, documented review process that outlines assigned responsibilities, utilizes standardized tools, and includes documentation of the review of the methodologies, assumptions, and formulas used in performance reporting.	Formal, documented review process for performance reporting	June 30, 2026	Senior Vice President, International Trade



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