**SOS VDA Closing Memorandum to File**

**To:** The Files of the Delaware Department of State

**From:** (insert vendor name)

**Date: (**Month XX, 20XX)

**Subject:** (insert Holder name) Closing Memorandum

**The purpose of this memorandum is to document the findings presented by (insert vendor name) related to the SOS VDA Submission made by (insert Holder name) and to make recommendations to the Secretary of State for the approval of the Holder’s SOS VDA Submission.**

VDA #:

EIN #:

Holder Name:

State of Incorporation:

Date Enrolled:

General Ledger Lookback Year:

Date Completed:

Post VDA Compliance Years:

Report Year 20XX (Issue Year 20XX)

Report Year 20XX (Issue Year 20XX)

Report Year 20XX (Issue Year 20XX)

Holder Contact:

Holder Contact email and phone number

Advocate Contact(s) – if applicable:

Name, Company Name, email, and phone number

Advocate Authorization: detail where authorization has been provided (e.g., AP-1, Holder email, etc.)

Entities Included in the VDA: insert below or attach a list of the entities included in the VDA along with its state and date of incorporation and confirm each entity is addressed in the SOS VDA Submission.

Entities Not Included in the VDA: insert below or attach a list of the entities not included in the VDA along with their state and date of incorporation.

**Executive Summary**

|  |  |  |  |
| --- | --- | --- | --- |
| **Proposed Amount** | **Revisions** | **Amount Settled** | **Summary of Reason for Changes** |
| Insert property type |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

***[NOTE: ANYTHING PERTINENT ABOUT THE REVIEW SHOULD BE NOTED IN THE EXECUTIVE SUMMARY. THE TABLE ABOVE CAN BE INSERTED INTO THE MEMO OR INCLUDED AS AN ATTACHMENT TO THE MEMO.]***

**Summary of Analysis**

**[*NOTE: IN THE SECTIONS BELOW, THE BULLETS MAY BE REMOVED AS THE VENDOR ADDRESSES EACH OF THESE QUESTIONS. THE SOS VDA VENDOR SHOULD NOT BE CUT AND PASTED INTO THE TEMPLATE.]***

**Document Current Events which May Impact the SOS VDA Submission**

* Was SEC.gov reviewed to obtain the most recent 10-k? Upon reading the 10-k, please document any issues or concerns with regard to this entity (e.g., acquisition, mergers, divestitures, disciplinary actions, etc.).

**Trial Balances**

* Confirm that the Trial Balance(s) was/were reviewed and that an analysis was performed to determine all relevant property types have been addressed, and if not, why.
* If a property type has not been included, document such.

**Organizational Structure – Accounting (General Ledger and Trial Balance)**

* Consolidated versus unconsolidated accounting functions.
* Are accounting functions handled by a centralized accounting department?
* Are transactions decentralized and posted by legal entity? Does each legal entity have its own bank account or is one bank account used for all entities? Can transactions be separated by legal entity?
* Are accounting functions centralized by Lines of Business or other methodology?
* How has the method in which the company processes its accounting functions been accounted for in the VDA?

**Lines of Business**

* Describe the different industries and lines of business the Holder conducts and how each line of business has been accounted for in the VDA by legal entity.

**Accounting Functions**

* What general ledger system(s) is/are used? Confirm availability of information.
* Detail changes in general ledger system and its impact on record availability.
* Document changes in consolidated and/or decentralized accounting functions.
* How are the accounting functions handled per line of business?

**Compliance History**

* Which entities, which years, and which property types?
* Confirm prior filings and payments made by legal entity.

**Lookback period**

* Define the lookback period as it relates to the date Form VDA-1 or Form NOI CONV was signed.
* Were any defenses presented to limit the lookback (e.g., bankruptcy, new entities, not doing business, statute of limitations), and how were these defenses confirmed?

**Scope**

* Are all entities being reviewed? If not, which entities have been reviewed and why?
* Document how the entities reviewed cover all of the various lines of business.
* Are any entities which are not reviewed included in the scope?
* Address whether any property types typical to an industry are being excluded from the VDA.

**Property Types**

Examples of property types include: accounts payable outstanding, accounts payable voids, payroll outstanding, payroll voids, accounts receivable tracer analysis, accounts receivable credit balances on account, benefits, and equity. Additional accounts should be addressed based upon the Holder’s industry, e.g., gift cards on account and write offs, royalties on account and write offs, customer accounts, insurance payments, customer refunds, etc.

The following should be addressed in the analysis for each property type:

* + Provide explanation of the property type.
  + What is the date range of the total population of times?
  + Did the Holder tie the balances to the trial balance, and was documentation provided?
  + What is the general ledger account name and number?
  + How many items are in the population?
  + How many items were researched in the sample?
  + Provide explanation of how items were remediated.
  + Document how this was a statistically valid sample.
  + Was a tracer analysis performed, if applicable, and were there write offs?
  + What is the amount due for the extrapolated amounts?
  + Address any legal or VDA issues with DOS, as necessary.
  + Any other pertinent information.

**Extrapolations**

Confirm that revenues for all entities are included in the SOS VDA Submission. Prepare a tie out schedule to confirm that revenues for each entity included in the SOS VDA Submission have been included in the extrapolation. Confirm that this analysis has been completed by either the Advocate or the Holder and verified.

**Prior to Closing VDA**

* Look at the most recent SEC filings for any new developments with regard to the organization.
* Google search for any new information about acquisitions, etc.
* Address with the Holder entering into a new VDA any out-of-scope entities and/or recently acquired entities.
* Address any legal or VDA issues with DOS, as necessary

**Closing and Closing Package**

* Compare Form VDA-2 to the template and note any differences.
* Compare property types which were analyzed as part of the Holder’s review to the property types list on Form VDA-2 and confirm that this is accurate.
* Compare legal entities which were analyzed as part of the Holder’s review to the property types list on Form in VDA-2 and confirm that this is accurate.
* Compare lookback in Form VDA-2 and confirm that this is accurate.
* Prepare the closing documents to be transferred to DOS.
* Confirm the Management Representation Letter has been provided and meets the minimum requirements.

**Post VDA Compliance**

* Are estimates provided for what will be reportable to the State in the future years? If so, document below or attach a schedule.

**Additional comments about legal entities or property types which may require review at another time:** (insert any additional comments)

The amounts reflected as owed with respect to the in-scope legal entities and property types pursuant to the Holder’s SOD VDA Submission adequately and fairly presented the Holder’s liabilities unless otherwise indicated above in Additional Comments.

Prepared by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_

Reviewed by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_