



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

February 5, 2014

Mrs. Kimberly Burbank, Acting Chairperson  
New Orleans Regional Business Park  
13801 Old Gentilly Road  
New Orleans, Louisiana 70129

Dear Mrs. Burbank:

As you are aware, members of my Advisory Services staff visited the New Orleans Regional Business Park (NORBP) to assess certain matters that were reported to my office. My staff completed their assessment and on October 8, 2013, discussed their findings and recommendations in a meeting with you, the Chairman, and the Executive Director. Subsequent to that meeting, we were informed that the Executive Director and Administrative Assistant were no longer with NORBP and that the Chairman had resigned. I am addressing this letter to you since I understand that you are now the Acting Chairperson for NORBP.

First, this letter summarizes the problematic areas that were discussed in the meeting on October 8, 2013 (and subsequently discussed with you by telephone). Second, this letter emphasizes concerns regarding NORBP's performance and productivity that were also discussed in that meeting and with you on the telephone. As a result of these concerns, we present a *Matter for Legislative Consideration* which will be conveyed to members of the Legislature.

We stress the importance of addressing the following problem areas and encourage you to consider our recommendations (as discussed with you) as you work to resolve them:

- The strategic plan does not identify the mission of the NORBP and the objectives are general in nature and do not appear to be measurable.
- The NORBP does not have comprehensive policies and procedures covering all essential operations.
- There is a lack of controls necessary to promote an ethical environment within the office of the NORBP (e.g., no ethics policies and procedures; Board members and employees not required to sign an annual certification letter attesting to their compliance with ethics laws/policies).

- Minutes of Board meetings were not always prepared (and maintained) as required by Louisiana Revised Statute (La. R.S.) 42:20.
- Board minutes are not published in the entity's official journal as required by La. R.S. 43:143-144 and 43:171(A).
- A records retention schedule has not been prepared and submitted to the Louisiana Secretary of State's office for approval as required by La. R.S. 44:36 and 44:411.
- The NORBP lacks formal guidance/procedures to help ensure that the Board is fully complying with La. R.S. 42:16-17 relative to conducting executive sessions.
- There is a lack of controls over credit card usage (e.g., business purpose not documented and no consistent review performed of credit card use and charges).
- There is a lack of controls over cell phone usage (i.e., no review performed of cell phone use and charges).
- There is a lack of controls over the preparation, review, and approval of employee time sheets.
- There is a lack of controls over the administration and accounting of employee leave (e.g., employee leave balances are not accounted for and there is no formal system for requesting the use of leave, including requiring supervisory approval).
- Although payroll is processed by an outside third party, there is no internal review performed (by NORBP personnel) to ensure that the payroll was processed accurately.
- There is a lack of controls to ensure that NORBP receives accurate rent payments.
- The NORBP did not have an adequate financial plan, including marketing strategies, to address and eliminate deficit spending.

Furthermore, in NORBP's 2011 audit report, the auditor included a finding that stated in part that the NORBP **"did not record any program activities nor was information provided during the audit to reflect programs rendered during 2011."** In the subsequent 2012 audit report, the auditor reported that this finding was not resolved (i.e., no program activities were recorded for 2012). In response to this repeat finding and related complaints, my staff followed up on the status of NORBP's program activities and found similar productivity problems as identified by the auditor. Although these problems and related recommendations were discussed with you, we are providing the following information for further emphasis and clarification:

- **NORBP Performance Data Not Collected and Maintained:** According to the former Executive Director, NORBP staff were not collecting and maintaining performance data to illustrate the accomplishments of the NORBP. Upon further questioning about performance data/results, the former Executive Director prepared a listing of activities and also provided us with some information regarding the completion of 2013 goals.

**Recommendation:** The Board should develop and implement a system of recording performance data to ensure that they are able to report program activities and measure success of the NORBP. The Board may consider reviewing the performance data collection spreadsheet that we (Advisory Services staff) provided to the former Executive Director to assist him in capturing such data.

- **NORBP Attracted One Business in Last Three Years:** As was mentioned previously, NORBP's auditor reported that there were no program activities recorded in 2011 and 2012. After interviewing the former Executive Director and reviewing documents provided by his staff, we found that from 2011 to 2013, management has attracted only one business into the New Orleans Regional Business Park. That one business (Fox Productions) leased office space in NORBP's main office building for only three months in 2012.

By not attracting more businesses into the Business Park, it appears that the NORBP is not effectively supporting and nurturing the development of new businesses and stimulating industrial and commercial development as intended by La. R.S. 33:4701.

**Recommendation:** The Board should develop and implement a strategic plan that includes aggressive marketing strategies for its main office building and other available properties in the Business Park. These strategies should have completion target dates and should be measurable.

#### **Matter for Legislative Consideration:**

The Legislature may wish to conduct a study to determine if the NORBP is fulfilling the purpose for which it was created (La. R.S. 33:4701). The study may address such questions as (1) how many businesses has the NORBP attracted since inception; (2) should the management structure of NORBP be changed; and (3) is the continued existence of this political subdivision justified based on past performance and productivity.

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We encourage you to discuss our recommendations with the Board as you work toward resolving all of these issues. Attached to this letter is the Board's written response (see Appendix A). My staff will be monitoring the resolution of these issues, and if you have any questions about the assessment, please call Mike Battle or Glenda LeBlanc at 225-339-3800.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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## APPENDIX A

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### Management's Response



Mr. Darryl G. Purpera,  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

January 13, 2014

Dear Darryl G. Purpera,

This letter and attachment is written in response to the issues, recommendations, and *Matter for Legislative Consideration* provided to NORBP December 23, 2013.

Utilizing the "NORBP Performance Indicator" worksheet attached, a status update for each recommendation bullet item will be provided to you each month throughout 2014 in order to brief you on progress. Attached is an immediate "Response to Matters for Legislative Consideration."

Without a doubt, the NORBP is capable of implementing the mission for which it was created. As all organizations must do within their life cycles, assessment of past work achieved and a strategic plan for retaining and attracting new development must be re-visited. Current business park needs and an umbrella organization's foundation and purpose must have alignment.

As the NORBP addresses the problem areas noted, it is requested that the state legislative audit office consider the partnerships, time, and resources needed to update a true 5-10 year strategic economic development plan. It is our intention to have a strategic plan that coincides with that of the New Orleans Business Alliance. In the short-term, it is our intent to implement a 2014 Work Plan that continues fulfilling the mission through both efficient and effective best management practices that further long-term sustainability at the Enterprise Center and throughout the 7,000 acre regional business park. Thus, we will implement your recommendations listed and execute great organizational and programmatic initiatives in 2014.

Economic development is a mountainous task, a marathon, but due to the catalytic growth seen throughout the Greater New Orleans Metro area we are excited about ensuring the business park is positioned to provide current park businesses public infrastructure improvements and a cleaner, more attractive environment to effectively market and attract new development. It is our goal to showcase doing the basics well and improve public spaces in an effort to incentivize potential investors to choose to locate in the park.

We look forward to working with you on these matters.

Best Regards,



K. Lavon Burbank



## **NORBP Response**

***1• The strategic plan does not identify the mission of the NORBP and the objectives are general in nature and do not appear to be measureable.***

Response:

The mission of the NORBP is to “advocate and facilitate the acquisition, development and maintenance of critical infrastructure and resources necessary to support and nurture the growth of current businesses and the development of new businesses.” The mission will be stated in the 2014 Work Plan. The 2013 Work Plan noted specific goals, objectives, and timelines for completion. The instrument for measurement was and will be documented completion of stated objectives. Deadlines for completing each benchmark will be listed and voted on by the board prior to implementation.

The NORBP Performance Indicator worksheet will be used to chart measurement of objectives.

A 5-10 Year Strategic Plan will be completed in partnership with external economic development entities, including the New Orleans Business Alliance (NOBA), GNO, Inc., New Orleans East Business Alliance (NOEBA), and Louisiana Economic Development. A date for strategic plan completion is not yet known; however NORBP has met with NOBA and is working to ensure a coordinated effort.

***2• The NORBP does not have comprehensive policies and procedures covering all essential operations.***

Response:

The Policies & Procedures manual will be amended and approved before April 2014.

***3• There is a lack of controls necessary to promote an ethical environment within the office of the NORBP (e.g., no ethics policies and procedures; Board members and employees not required to sign an annual certification letter attesting to their compliance with ethics laws/policies).***

Response:

The Policies & Procedures Manual will include an ethics policy. Board members and employees are required to sign state financial disclosure forms. State ethics requirements are being reviewed by NORBP’s legal counsel and if additional documentation or ethics training, etc. is needed the organization will amend its policy to reflect needed changes.

***4• Minutes of Board meetings were not always prepared (and maintained) as required by Louisiana Revised Statute (La. R.S.) 42:20.***

Response:

A review of Louisiana Revised Statute (La. R.S.) is underway by NORBP legal counsel. The Secretary/Treasurer will maintain adequate minutes of board meetings.

***5• Board minutes are not published in the entity’s official journal as required by La. R.S. 43:143-144 and 43:171(A).***

Response:

A review of Louisiana Revised Statute (La. R.S.) will be done at a board meeting. The Secretary/Treasurer will maintain adequate minutes of board meetings going forward. The Park Engineer will post minutes to the official journal.

NORBP Response

**6• A records retention schedule has not been prepared and submitted to the Louisiana Secretary of State's office for approval as required by La. R.S. 44:36 and 44:411.**

Response:

A records retention schedule will be prepared and submitted to the Louisiana Secretary of State's office for approval as required.

**7• The NORBP lacks formal guidance/procedures to help ensure that the Board is fully complying with La. R.S. 42:16-17 relative to conducting executive sessions.**

Response:

An executive session policy will be followed and amended in the Policies & Procedures Manual to ensure compliance with La. R.S. 42:16-17.

**8• There is a lack of controls over credit card usage (e.g., business purpose not documented and no consistent review performed of credit card use and charges).**

Response:

The Personnel Policy regarding credit card usage will be followed. A credit card usage policy will be included in the amended Policies & Procedures Manual. Proper usage will be verified by two of the three authorized/official board signors of the entity's bank debit account at the time of credit card bill payment.

**9• There is a lack of controls over cell phone usage (i.e., no review performed of cell phone use and charges).**

Response:

A cell phone usage policy will be included in the amended Policies & Procedures Manual to ensure controls are maintained.

**10• There is a lack of controls over the preparation, review, and approval of employee timesheets.**

Response:

The Personnel Policy regarding employee timesheets will be followed. A timesheet will be used. A punch card time clock will be used. Timesheets will be reviewed and approved by the CPA of record.

**11• There is a lack of controls over the administration and accounting of employee leave (e.g., employee leave balances are not accounted for and there is no formal system for requesting the use of leave, including requiring supervisory approval).**

Response:

The Personnel Policy regarding administration and accounting of employee leave will be followed to state the procedure used to request leave (sick, annual, non-paid).

**12• Although payroll is processed by an outside third-party, there is no internal review performed (by NORBP personnel) to ensure that the payroll was processed accurately.**

Response:

The Personnel Policy regarding accounting of employee leave will be followed. A timesheet will be used in 2014. A punch card time clock will be used. Timesheets will be reviewed and approved by the CPA of record.

NORBP Response



***13• There is a lack of controls to ensure that NORBP receives accurate rent payments.***

Response:

NORBP is currently receiving accurate rent payments. Rent payment is calculated by the CPA. Financial operating balance updates are provided at Board Meetings.

***14• NORBP did not have an adequate financial plan, including marketing strategies, to address and eliminate deficit spending.***

Response:

NORBP began 2013 with a balanced budget. The budget incurred a deficit of \$2,750 in 2013. NORBP has a surplus of \$258,000. The budget was in alignment with the 2013 Work Plan Goals & Objectives. The Work Plan included marketing strategies within the park's former capacity to deliver: 1) re-development of park website which would better inform park businesses and potential tenants of actual NORBP initiatives, available space for sale/lease, and 2) securing a broker to lease a minimum 10,000 s.f. of office space. NORBP is currently engaging a broker for commercial leasing advertising services. A broker lease to market the Enterprise Center will be in effect by March 2014. An updated website will exist by May 2014.

***15• NORBP Performance Data Not Collected and Maintained***

Response:

An inventory of past work completed by the NORBP since its inception is needed. The past Executive Director's response stating that "staff was not collecting and maintaining performance data" is not yet known to be an accurate statement.

The Park Engineer will record weekly performance data to ensure that NORBP is able to report program activities and measure success of the NORBP. The Park Engineer will use the attached NORBP Performance Indicator Sheet and submit reports to the CPA to track performed work hours.

***16• NORBP Attracted One Business in Last Three Years***

Response:

A comprehensive audit cannot make this statement and direct negative conclusions to policy makers or the public in a vacuum. A detailed inventory of the NORBP since its inception is needed. The park is home to 88 businesses. All 88 were not present before the designation of the New Orleans Business Improvement District (NOBID). What factors influenced their locating within the park? A three year time span assessment should not replace an organization's complete 10+ year life cycle.

As the state audit office is aware, within the same 3 year time span the NORBP released a director and sought to re-fill the position. During 2012-2013 the previous director attracted one new tenant and effectively began negotiations with the current tenant to renew an increased lease rate for another ten years. In the field of economic development, that is not a negative rating, although a more detailed marketing strategy should be used to attract longer term tenants for the Enterprise Center and throughout the park as desired. There are several parcels for sale/lease in the park that have not been able to attract a tenant or buyer since 2005. NORBP must work with these land owners to attract new tenants.

The ongoing lease negotiation with the Enterprise Center's current tenant, Meyer's, is a true success story. The business is minority/woman owned. It has maintained its lease for ten (10) years and during that time has grown and now has 2 warehouse locations. The Enterprise Center "incubated" this business through a below market value tenant structure. The result: an expanded business and additional city and state tax dollar revenue. With the renewal of the Meyer's lease, NORBP will greatly increase its revenue and be able to deliver additional

NORBP Response

marketing tools to current and potential park tenants and better leverage the lease's new dollars for much needed public improvement upgrades throughout the park.

There are many antecedents that impact a business park's ability to attract new business. A lack of safety and cleanliness throughout the park along major thoroughfares are basic essentials and examples of external issues that the park must work to ameliorate to encourage new investment. These are also examples of initiatives that necessitate cross-governmental coordination with the City of New Orleans, Regional Planning Commission, and Economic Development Administration. The park is actively working in 2014 to improve these two basic essentials for business attraction, along with other essential components of a sustainable, healthy work environment.

There is substantial work to be planned and implemented to ensure a successful marketing strategy to attract new investors: website update, broker relations agreements, public relations updates, capital investment in the building, surrounding public infrastructure upgrades, cross-governmental resource coordination.

The Board will develop and implement a work plan that best leverages the program budget to include aggressive marketing strategies for its main office building and other available for sale/lease private properties in the Business Park. These strategies will have completion target dates and be measurable.

NORBP PERFORMANCE INDICATORS			
Jan 2014 - Dec 2014 Projects	Goal	Objectives	Activities, Results, Next Steps
Enterprise Center Marketing			
Business Park Marketing			
Operations/Management			
Public Infrastructure Improvements			
Special Projects			
Other			