

The Office of Inspector General (OIG) conducted a follow-up to its 2013 performance audit titled *“A Report on French Market Corporation Use of Funds”* (2013 Report). The purpose of the follow-up was to determine the extent that the French Market Corporation (FMC) implemented its corrective actions and/or the OIG’s recommendations identified in the 2013 Report.

The 2013 Report contained six findings and five observations, including the following:

- The FMC made sponsorship payments to other organizations which violated the Louisiana Constitution;
- The FMC exceeded budgeted overtime limits;
- FMC employees exceeded annual and weekly overtime limits established by the Civil Service Commission; and
- The FMC received \$1.00 per year in accordance with the lease agreement for Edison Park rather than the fair market rental value of the leased property.

The 2013 Report included recommendations to increase the FMC’s revenues and to reduce its costs, ultimately decreasing its cost to the City of New Orleans (City). The FMC fully or partially agreed to implement all of the OIG’s recommendations in the 2013 Report.

Auditors found positive results during follow-up testing that demonstrated that the FMC implemented the majority of the 2013 Report’s recommendations. All FMC sponsorship payments to other organizations contained a cooperative endeavor agreement (CEA) which was in compliance with the Louisiana Constitution. The FMC also ended a lease agreement where it previously earned \$1.00 per year, and instead, entered into a new lease agreement where the FMC collected approximately \$180,000 in the first year. Auditors did not note any questionable expenses during the period tested, and all disbursement transactions tested were approved properly.

The FMC's actual overtime expenses exceeded its budgeted amount for the period tested; however the difference was largely due to FMC assuming management of three parking lots and Crescent Park. The FMC Board of Directors approved to contribute 100 percent of the quarterly parking lot net revenues to the City for at least three years, beginning in 2015. This change increased the FMC's annual contribution to the City from \$1.1 million in 2014 to approximately \$2.0 million in 2015.

However, the FMC did not implement corrective actions for all findings and observations nor did it resolve all findings and observations. Auditors noted that FMC employees continued to violate Civil Service rules because two employees exceeded 416 hours of annual overtime by 135 hours and 39 hours, respectively. Additionally, the FMC did not obtain prior approval for any employees who exceeded eight hours of overtime in a single week.

The FMC did not comply with its record retention policy because it did not keep sole source justifications, and FMC managers acknowledged that a security officer did not observe the cash counts as required by its policy.

The FMC's Executive Director resigned in January 2016. As a new Executive Director assumes office, it is important that the FMC continue to implement and enforce the recommendations and corrective actions in the 2013 Report so the FMC can minimize its expenses and maximize its revenue and annual contribution to the City.