

LBA Performance Audit Report Summary:

Department of Resources and Economic Development Economic Development Programs Performance Audit Report - October 1997

The Division of Economic Development (DED) within the Department of Resources and Economic Development is comprised of an administrative section and three separately managed subdivisions: the Office of Business and Industrial Development (OBID), the Office of International Commerce (OIC), and the Office of Travel and Tourism. This performance audit focused on the economic development efforts of OBID and OIC, as well as the management and oversight of the New Hampshire Economic Development Fund (NHEDF) by DED administration.

During the audit period OBID was organized into three work groups paralleling its major activities: (1) business retention and expansion, (2) business recruiting, and (3) business support. In brief, the three groups operate as follows:

- Retention and expansion efforts are focused on helping New Hampshire firms remain in business in the State. The major effort in the retention and expansion program is the Business Visitation Program, which is coordinated by OBID to systematically visit and survey businesses in New Hampshire communities regarding potential problems, opportunities for expansion, and specific needs which they may have;
- The business recruitment program is aimed at attracting and facilitating expansion or relocation into the State by businesses from outside New Hampshire;
- The business support program includes several efforts aimed at providing information and other forms of assistance to both existing New Hampshire-based companies and recruitment prospects. The major business support activities include a finance clearinghouse, the New Hampshire Procurement Technical Assistance Program, a vendor matching program, and an electronic data system that contains a listing of available buildings and sites in the State.

The OIC was established as a separate office in fiscal year 1993. Its mission is to expand international opportunities for New Hampshire businesses. Located at the former Pease Air Force Base, OIC also administers the International Trade Resource Center (ITRC). Its programs include export finance, international trade training, targeted research, international trade counseling, export administration outreach, and an international trade resource library.

The New Hampshire Economic Development Fund (NHEDF) provides funds for grants, loans, and other economic development initiatives considered to be beneficial to the overall economy of the State. The NHEDF was created by Chapter 4, Laws of 1991, with an initial appropriation of \$5 million; by fiscal year 1995, subsequent appropriations had increased NHEDF to \$7.25 million. Entities in receipt of NHEDF funds have used them for investments in small businesses, sponsoring research and development of innovative production procedures, and small business

management assistance, counseling, and training. A number of DRED economic development programs and efforts have also received NHEDF funding.

More Evaluations of Economic Development Activities are Needed

We found that DED and its subdivisions should improve evaluation of the programs and services they provide. We recommended OBID and OIC conduct intermediate and long term economic development program evaluations using specific, measurable performance outcomes, define measurable program goals, and monitor progress in meeting those goals. Finally, for DED we found the need to improve the evaluation of the effectiveness of the economic development activities of the New Hampshire Economic Development Fund recipients.

Improvements Should be Made in Computer-Related Areas

During fiscal years 1995-1996 DED contracted with a private vendor to develop the New Hampshire Business Information System (NHBIS), which was intended to consolidate several data systems already in use. We found that DED obtained a good system at a reasonable cost, although some additional development work needs to be done for NHBIS to be used to its potential. We recommended DED ensure NHBIS operates as efficiently as possible, monitor NHBIS users for compliance with division data entry requirements, and ensure NHBIS is used as a management information and management analysis tool. In addition, computer training for DED personnel should be improved and documented. We also found that there was no written disaster recovery plan for computer systems.

International Trade Resource Library

OIC has developed and maintained a resource library as part of its administration of the International Trade Resource Center (ITRC), located at the Pease International Tradeport. We recommended the OIC (1) establish a separate log-in for library users for use in developing a database to devise an evaluation of library services and performance, and (2) ensure the receptionist station in the lobby is staffed during business hours.