

**QUALITY ASSURANCE REVIEW ADVISORY COMMITTEE
FOR THE OFFICE OF THE INSPECTOR GENERAL**

REPORT REVIEWING ACTIVITIES FOR 2011

Members

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Executive Summary

As called for in the City statute creating the Office of the Inspector General (OIG), this report of the Quality Assurance Advisory Committee assesses the written work product of the Office. Our committee conducted both a general overview of the written work of the OIG as well as looked in-depth at five areas that comprise, in our view, the most important contributions during 2011.

In general, we found the OIG to be extraordinarily productive in producing the nineteen documents we reviewed. The topics the OIG chose for analysis included some of the most important issues facing the City of New Orleans including, for example, the operation and financing of the Municipal and Traffic Court systems, the treatment of non-violent offenders in the judicial system, and the internal operations and processes of the city government. The scope of the reviews of the OIG was broad, encompassing city operations as well as affiliated agencies. The reports themselves were models of clarity with clear executive summaries. The reports were data-driven and used methodologies appropriate to the tasks at hand. We also believed that the OIG conducted its analyses in a fully objective and fair manner.

Our detailed analysis focused on five subject areas: (1) remittances to the City from the Municipal Court, (2) internal control audits for the City of New Orleans, (3) audits and reports on vehicles, (4) the report on arrest and detention policies for non-violent crimes, and (5) the report assessing the New Orleans system of courts and the performance of the Traffic Court. In each of these areas, the OIG provided policy makers and the citizens of New Orleans with great insight into the operations of city government and highlighted potentially difficult and troubling issues. Our detailed examination in each of these areas reinforced our general overview about the high quality and value of the contributions of the OIG.

We had three general recommendations to enhance the future work of the OIG. First, it would be useful to have some indication—perhaps in the Annual Report from the OIG—of the amount of time spent on the various reports. As some issues are naturally more important than others, this information would be useful to gauge whether the OIG was properly allocating its most scarce resource—its staff time—across projects. Second, in some cases the policy environment changes rapidly, thereby raising the possibility that data analysis based on past

observations may not be representative of more recent developments. The OIG should carefully note this possibility in its reports. Finally, at times the reports of the OIG address policy issues and not just adherence to existing laws or regulations. While this is an appropriate role for the OIG, it is important to distinguish carefully between conclusions drawn from policy perspectives and those based on failures to comply with existing rules.

Overall, our committee believes that the reports of the OIG provided an extremely valuable service to the City of New Orleans. The written work we have reviewed meets the highest standards of quality. These reports have also opened up important areas for reform and debate for the citizens of New Orleans.

I. The Role of the Advisory Committee and the Scope of This Report

The City Code in Section 2-1120(16)(a) calls for the appointment and specifies the duties of the Quality Assurance Review Advisory Committee for the Office of the Inspector General. This three-person committee—whose members are appointed representatives of the City Council, the Ethics Review Board, and the Office of the Mayor—is charged with reviewing the “completed reports of audits, inspections and performance reviews, and public reports of investigation” for overall quality. The representative of the City Council serves as chair of the committee.

This is the first committee that has been appointed for this task. The appointment process was not completed until June 2012; as a consequence, the City Council extended the reporting date for this committee from May 31 to October 15th. The City Code specifies that the Committee shall hold a public meeting to present its written review and that the Office of the Inspector General shall receive the report of this committee no later than 15 days prior to the public meeting.

This committee’s role is limited to reviewing the completed and published material produced by the Inspector General during 2011. Ongoing investigations are not included, but presumably would be reviewed in future years when the investigations are completed. A full list of the material that the Committee reviewed is contained in the Appendix to this report. It is important to note that the Office of the Inspector General performs many other important duties not included in our review mandate. These include participating in sensitive federal investigations, as well as screening invitations to bid and requests for proposals/qualifications for compliance with applicable legal requirements. Thus, our committee is only reviewing a portion of the activities of the Office of the Inspector General for 2011.

Since this is the first quality assurance review advisory committee that has been constituted, it was our task to define the scope and nature of this review. We decided that our review would consist of two parts. The first part is a general, overall review of the quality of all the written material available, highlighting the common approaches taken across all the work and conveying our general impressions of the full scope of the written product. The second

part takes an in-depth look at specific studies and investigations. For the second part, we chose to focus on five areas: (1) remittances to the City from the Municipal Court, (2) internal control audits for the City of New Orleans, (3) audits and reports on vehicles, (4) the report on arrest and detention policies for non-violent crimes, and (5) the report assessing the New Orleans system of courts and the performance of the Traffic Court. We chose these areas for two key reasons. First, we believed that this material represents some of the most important activities undertaken by the Office of the Inspector General during the year. Second, as a group, these documents encompass a very large portion of the total written product for the year. For each of these areas, we summarize the key findings of the Office of the Inspector General and pertinent responses to these findings, and provide the committee's overall assessment of quality.

II. General Overall Assessment

Our committee reviewed the nineteen written documents listed in the Appendix. As we read through these documents, we believed that there were a number of important substantive and stylistic themes that characterized all of the reports of the Office of the Inspector General. This section of the report presents our general overall assessment based on the material taken as a whole.

We assessed the written material from the Office of the Inspector General on the following criteria: overall productivity, significance and importance, scope of the work, clarity of the presentations, the use of appropriate methods for analysis, and fairness and objectivity. These are our key findings from this overall assessment:

Productivity: It is evident that during 2011 the Office of the Inspector General was extraordinarily productive in producing reports. The nineteen documents we reviewed were comprised of five public letters, eleven audit and review reports, two inspections and evaluations reports, and the annual report. By their very nature, the public letters were designed to be relatively brief and respond to specific issues; the audit and review reports were typically extensive and matched the tasks at hand; and the inspection and evaluation reports were extremely detailed and thoroughly researched. We believe that meeting high productivity standards is important for this office; the record is outstanding on this criterion.

Significance and Importance: The written record includes a large number of very significant and important reports. In our view, the most significant—which we discuss in more detail below—include an analysis of remittances to the City from the Municipal Court, a report on the use of arrests and summonses for non-violent crimes, and an analysis of the systems of courts in New Orleans and the performance of the Traffic Court. We also believe that the series of internal audits conducted with respect to the City of New Orleans—also discussed below—were quite valuable contributions.

Other reports and audits do not have quite the policy significance of these, but were useful to prevent potential abuses. Included in this group would be the audit of travel practices for the New Orleans Municipal Retirement System and the report on credit card and

expense reimbursement policies for the French Market Corporation. In addition to providing valuable advice on the design of procedures to prevent potential abuse, these audits may also have given the Office of the Inspector General a window into the operation of these organizations that may prove useful for future inquiries.

In our view, not all the studies were integral to the mission of the Inspector General. At the request of the management of the Municipal Yacht Harbor, the Office of the Inspector General conducted a review of the accounting policy and procedures manual. While this was useful to the Municipal Yacht Harbor, this report did not reach the level of significance of the other work conducted during the year. Several of the public letters likewise came at the request of third parties. In our view, these letters addressed timely and potentially sensitive issues.

Our committee believed that it would be valuable if the Office of the Inspector General provided some indication of the time and resources spent on the various reports, perhaps in the Annual Report. Such an accounting would allow the public to gain a better sense of the priorities of the Office, and perhaps assist the Office in allocating its own scarce resources—particularly, the time of its staff members.

Scope: Our committee was impressed by the scope of the work undertaken by the Office of the Inspector General. The written reports and letters touched on a wide range of issues and topics important for the governance of New Orleans, ranging from the operation of the courts and the justice system to internal and accounting controls for city operations. The analyses focused both on the offices of the City of New Orleans proper, as well as affiliated agencies such as the French Market Corporation. This breadth is important, as public resources are expended by a wide range of organizations within New Orleans.

Clarity of Presentations: We were also very impressed with the clarity of all the reports that we reviewed. From a structural point of view, they contained clear executive summaries and conclusions, provided the appropriate background to the issues as needed, and carefully defined terms and acronyms throughout. We also appreciated the brevity. It was clear to us that great care was taken in the preparation of the reports. Governmental operations can be very complex; thus an important first step for improving and reforming government operations

is to develop a clear understanding of the issues at hand. These reports contribute greatly to this understanding.

Use of Appropriate Methods for Analysis: The reports that we reviewed used a variety of methods and approaches. For audits and internal controls, the Office used well established methodologies to test aspects of the accounting and internal control systems. For other reports, such as the one on arrests and summonses for non-violent crimes, there was careful data collection and analysis. In other instances, there were valuable straightforward comparisons of data across jurisdictions. It is clear that the Office of the Inspector General is data-driven in its approach. We view this characteristic of the office as a very positive attribute that furthers the objectivity of the analyses. Our only caution is that sometimes new political or social developments may be occurring precisely during the period when the studies are being undertaken. Care must be taken to insure that findings from an analysis using data from an earlier period of time are still valid and pertinent to the issue at hand. This consideration, for example, arises in the recommendation for consolidation of the courts in New Orleans and also for the assessment of policies towards arrests and summonses for non-violent crime.

Fairness and Objectivity: Our committee rates the Office of the Inspector General highly on the criterion of fairness and objectivity. In two specific instances, the Office revealed a commitment to this principle. First, on the sensitive issue of the date of the start of employment for the Superintendent of the NOPD, Ronal Serpas, the Office quickly corrected a previous public letter to eliminate potential ambiguities in that letter. In a second instance, the Office investigated Orleans Parish prison inmate charges. After the audit, the Inspector General wrote to Sheriff Marlin Gusman simply indicating that there were no issues whatsoever that were uncovered in the audit, and praised the Sheriff's staff for their responsiveness and cooperation. This straightforward response should be noted as the Office of the Inspector General has questioned practices of the Sheriff's office in other reports.

We note that the Office of the Inspector General does hold its own views and opinions on policy matters. In one example, a public letter to the Mayor expressed the clear view that the police should have no management role whatsoever with regard to off-duty police details. In a second example, the report on arrests and summonses for non-violent crime reflects a

strong presumption towards reduced reliance on arrests and the use of alternative approaches towards controlling municipal code violations. We do not find these views to be inappropriate in any way. We would add however that for policy matters, it is important to be able to explain fully the rationale for the considered judgments of the Office of the Inspector General and to distinguish between clear “findings” and broad policy recommendations or “observations.”

In summary, our committee provides a very favorable assessment for the written material produced by the Office on the criteria we examined: productivity, significance and importance, scope, clarity of presentations, use of appropriate methods for analysis, and fairness and objectivity. We do suggest that the Office may wish to indicate the relative staff time spent on its reports to assist the public and the Office in prioritizing its resources. We strongly support the data-driven analysis from the Office, but caution that swiftly changing developments may reduce the usefulness of past data. Finally, views and opinions on policy matters are appropriate for the Office but need to be grounded and justified fully.

III. Detailed Analyses

In this section we provide detailed analyses of five specific topics. For each, we provide a summary of the findings by the Office of the Inspector General, responses to the findings, and our own analysis.

Municipal Court Remittances

The OIG conducted a performance audit of the Municipal Court's Remittances to the City. The report contains eight findings. The first is that the Municipal Court did not remit fines, fees, penalties, costs, or forfeitures collected in 2009 to the City's Department of Finance at any time during 2009. The second finding is that the Municipal Court's records did not provide sufficient detail to determine whether costs and fees were collected as required by law. Finding number three notes that the City did not audit the municipal court in 2009. Finding number four notes that the Municipal Court did not transfer either the cash from unclaimed bonds or the cash from forfeited bonds from its escrow account. Finding number five states that the Court permitted the purchase of items that might create the appearance of improper wasteful spending. Finding number six notes that the Municipal Court inappropriately classified employees as contractors. Finding number seven states that the Municipal Court did not have a policy requiring time sheets or supporting documentation, and finally in Finding number eight the report finds that the Municipal Court lacked effective disbursement controls.

LA Revised Statute 13:2501 makes it the responsibility of each judge of Municipal Court to see that all fines imposed in his or her section are collected and remitted daily to the City Treasurer of New Orleans. City Code §50-104 states essentially the same thing.

Apparently there is no question that Municipal Court did not remit the money to the Department of Finance or make deposits in the general fund for credit either toward the Judicial Expense Fund (JEF) or the Municipal Court Probation Department Fund. Everyone agrees that the money was deposited in the Court's own bank account and used to supplement the appropriation from the City's General Fund for personnel and operating expenses. In 2009 the monies so deposited totaled \$1.2 million. The City acknowledges being aware of the situation, and the Court defends itself on the ground of ancient custom and the failure of the City to provide adequate funding for the court. Not only does this situation constitute a clear

violation of state statute and city code, but also this practice permits the court to operate without the constraints that would be imposed by a clear budget request and appropriation process.

Finding two emphasizes that the absence of court records prevents an audit from determining whether appropriate fees and costs were imposed. There are essentially five different fines and costs which may be imposed under certain circumstances. Several of the fines and costs are designed to fund certain specific projects. The OIG found that there is insufficient detail to determine whether the fines, costs and fees were, in fact, collected and, if collected, whether they were remitted to the appropriate fund.

With respect to Finding three, there is apparently no contest; the City did not audit the Municipal Court in 2009. Obviously, the City was unable to determine what money should have been remitted to the City and whether all fines, fees, penalties, costs, and forfeitures were being collected. The Court provides a truly amazing response to this finding in which it seems to suggest that because the Court was computerized in 2002, there is no longer the need for an audit.

Finding four deals with bail bonds, intended to insure the presence of the accused in court. Bond funds are held in what is, in essence, an escrow account. They are not treated as revenue by the Municipal Court unless, the defendant having failed to appear for trial, the judge declares the bond forfeited; or the accused appears, but after final disposition of the case, fails to collect an unclaimed cash bond for a period of one year. The audit found that the Court failed to transfer unclaimed cash bonds to the Department of Finance and that it also failed to transfer the proceeds of the forfeited bonds. Apparently this account is now being reconciled on a monthly basis. This should allow the problem to be solved.

During the audit, OIG discovered a practice in Municipal Court whereby, when employees were absent, the Court substituted other employees from a different shift for the absent employees. Those employees worked two shifts in one day. The Court classified the substituted employees as contractors during the period of the extra shift and gave each employee a Form 1099 rather than including the additional income on the employee's W-2. This practice is prohibited by the Internal Revenue Code. Penalties and interest may be

assessed. This practice resulted in additional liability in that the Court becomes liable for the employee's portion of the withholding tax as well as the employer's portion. A potential liability of \$1,367 was asserted. The Court states it now pays all employees through the payroll system.

Finding seven involves the fact that the Municipal Court did not have a policy requiring timesheets or supporting documentation for hours worked by contract employees. The Court states that it has taken corrective action.

Finding number eight deals with the lack of effective disbursement controls and cites the lack of documentation sections in the requisition policy as well as the failure to follow the Court's own requisition policy. This is a fairly standard finding similar to those turned up by internal auditors from time to time. The amount of loss, if any, was not quantified.

Taken as a whole, the performance audit of the Municipal Court's remittances to the City principally identified the Court's failure to follow state law and the City Code and the failure of the City to audit the records of the Court. These are major findings. The other findings may seem to be minor in contrast. It is important, however, that every aspect of the Court's operation be reviewed and critiqued and held to the highest standards. One is reminded of the nursery rhyme that begins, "for want of a nail a shoe was lost...."

Internal Audits Conducted With Respect to the City of New Orleans

During 2011, the OIG conducted four distinct internal control audits for the City of New Orleans. We review these together as they highlight deficiencies in the operations and financial processes of the City. The four audits were for: (1) Internal Control Audits for Purchasing and Accounts Payable; (2) Fixed Asset Internal Control Performance; (3) Miscellaneous Donations Funds and America's New Orleans Fund; and (4) The Payroll Internal Control Performance Audit. We first briefly summarize the findings in each and then provide some general comments.

Seven findings were highlighted for the internal audit for Purchasing and Accounts Payable: (1) the Financial Systems Administrator and Chief Accountant had the ability to both input and authorize purchases within their general ledger accounting system (AFIN); (2) AFIN

did not provide an adequate audit trail to allow the auditor to determine whether purchases were properly approved; (3) controls were not in place to separate the ordering and receiving processes; (4) contracts were amended without prior procurement approval; (5) the City did not determine if the vendor payee was delinquent in City taxes prior to disbursing payment;(6) contract amendments did not require the City to verify that vendors were current on their tax payments; and (7) vendors that registered with the City did not go through a verification process to determine that they were valid vendors or that their Tax Identification number was a valid number.

There were nine findings highlighted in the Fixed Asset Internal Control Performance report: (1) fixed assets were purchased without evidence of proper approvals; (2) the City did not consistently record fixed assets when the asset was received; (3) in 2009, the City erroneously recorded the same asset multiple times and did not identify fixed assets with a unique identification tag; (4) the City did not use meaningful asset descriptions, which prevented the auditor from identifying the existence of the assets tested; (5) the City improperly recorded assets owned by the New Orleans Aviation Board, a component entity of the City, in its general ledger and fixed asset register; (6) the City neither performed its own inventory count nor required each department to perform its own physical inventory count; (7) the City's existing fixed asset policies did not require impairment measurement prior to disposal as required by the Governmental Accounting Standards Board (GASB); (8) fixed assets were not properly approved or supported prior being removed from the fixed asset register; and (9) the City failed to transfer completed construction in progress (CIP) to the fixed asset register upon completion of the Certificate of Substantial Completion.

The review for the Miscellaneous Donations Fund and America's New Orleans Fund Report identified three findings: (1) the City failed to update its Accounting Policies and Procedures Manual and lacked a detailed written policy on the proper management and documentation of donations; (2) the Director of Finance did not make reports on the Miscellaneous Donations Fund (MDF) activities to the Chief Administrative Officer and Council as required by City Code; and (3) the City of New Orleans was in noncompliance with its internal

policy because it placed federal grants that were subject to specific regulatory conditions in the General Fund.

Finally, there were thirteen findings relative to the Payroll Control Performance Audit: (1) the Civil Service Department did not have the ability to produce a listing of City employees independently from the City's management information department (MIS); (2) the City did not resolve prior year audit findings related to payroll in a timely manner; (3) payroll cash accounts were not reconciled in a timely manner; (4) payroll clearing fund liability accounts were not reconciled in a timely manner; (5) the City incurred \$50.7 million in net personnel expenditures in 2009 that were not budgeted in the personnel services budget; (6) most NOPD timesheets sampled were not signed by the NOPD employees; (7) in 2009, 597 employees or 13 percent of the City's 4,614 employees exceeded the maximum overtime limit of 416 hours per year; (8) two employees had the ability to perform all three levels of approval in the Human Resource Time System as of June 30, 2010, while in 2009 the City had 10 employees with the ability to perform all three levels of approval; (9) the Payroll Unit initiated the wire transfer for payroll deductions without the signature of the requestor; (10) the cash reconciliation from 12/31/2009 included 285 outstanding payroll checks that should have been remitted to the State; (11) the key to the cabinet where the signature stamp was kept was unsecured; (12) the filing backlog of personnel records prevented the Civil Service Department employees from providing records in a timely manner; and (13) manually prepared unclaimed payroll checks were kept in a folder in an unsecured drawer in the Bureau of Treasury.

We have a few key, overall observations on these audits. For each finding, the OIG thoroughly identified the conditions, causes, and effects of these failures and provided recommendations to address them. This analysis is as important as the findings themselves. While internal audits of any organization typically will find deficiencies in processes and procedures, the full scope of the thirty-two findings uncovered by the OIG is sobering and troubling. The City has acknowledged shortcomings across the board and has committed to putting mechanisms in place for corrective action as appropriate. In many instances limited staff, without proper and ongoing training, outdated or obsolete equipment, and lack of policies and procedures contributed significantly to the deficiencies. Finally, we should note

that in these audits the OIG uncovered no theft, fraud, violation of public trust, or other illegal activities. Nonetheless, addressing the issues raised in these audits will help prevent what could become serious abuses in the future.

Vehicle Audits

Excessive use of automobiles or other vehicles by public officials and agencies cannot only be costly but also symbolizes waste in government generally. The OIG issued one letter and two follow-up reports of automobile usage during 2011. The public letter was a follow-up to the report on remittances to the City from the Municipal Court. The letter noted that the Court was not following appropriate City policies for the assignment of automobiles. Although Paul Sens, the Administrative Judge, attempted to defend these practices, the OIG's analysis was conclusive.

The two follow-up reports were for the Orleans Parish Criminal Sheriff's Office and the New Orleans Aviation Board. In both cases, the follow-up reports noted that there was only partial compliance with the recommendations from the prior audits. The Sheriff's Office had purchased software to track maintenance records but had not installed the system. It also had not reconciled its fuel reports to invoices paid by the City.

The Aviation Board had implemented only two of the nine recommendations from the original audit. They still did not have internal controls over fuel dispensing and record keeping; they did not properly record and report the use of take-home vehicles for payroll and tax purposes; and did not comply with rules concerning maintaining inventories and disposal of vehicles. Like the Sheriff's office, they had purchased a system for fuel monitoring and maintenance, but had not installed it. Without these controls, there could potentially be excessive costs from vehicle use.

It is not clear from these follow-up reports how many dollars remain at stake from these failures to address previous audit findings. Presumably, these investigations did not occupy too much staff time for the OIG, but it would be helpful to have this information. Since the issues and policies in vehicle management are reasonably clear, it is appropriate that the OIG should

regularly remind agencies of the rules and continue to follow-up on troublesome areas. Hopefully, as agencies begin to comply, the OIG can move beyond this area of investigation.

Report on Arrests and Summonses for Non-Violent Crime

The Office of the Inspector General conducted an audit of the City of New Orleans Arrest and Detention Policies for Non-Violent Misdemeanors and Traffic Offenses. The audit resulted in a report that contained seven findings, based on analysis of data from the last six months of 2009. During this time frame, the annual arrest rate in the City of New Orleans (CNO) was more than three times the national average for cities with more than 250,000 inhabitants. Finding two stated that arrests related to municipal code and traffic violations resulted in more than \$3,000,000.00 in jail costs to CNO in 2009. In finding number three, the New Orleans Police Department (NOPD) was found not to have implemented the reporting system required by city ordinance for municipal code arrests. Finding number four stated that more than 14 percent of the arrests made in 2009 were based on warrants issued in other parishes for traffic violations and other minor infractions. Finding number five estimated that in 2009 the annual cost to the city of sentencing petty offenders to jail was approximately \$1.5 million. Finding number six stated that the City Attorney's Office did not effectively screen complaints and had not implemented diversion programs. Finding number seven stated that the funding mechanism for housing detainees of Orleans Parish Prison (OPP) did not provide adequate accountability for the use of resources.

The OIG is to be commended for the quality of the report on the CNO arrest and detention policies for nonviolent misdemeanors and traffic offenses. The office is also to be commended for the detailed knowledge of the subject matter that it clearly brings to this report.

There is apparently no question about the fact that CNO makes very substantially more arrests than the national average for cities of more than 250,000 inhabitants. It follows that the large number of incarcerated individuals drives up costs of the criminal justice system. Those charged with developing policy have clearly determined to reduce the number of incarcerations. The OIG found that the adopted policy of replacing arrest and detention with

the issuance of summonses, where possible, was not carried out by those charged with implementing the policy during the time frame of the study. The report properly points out why the policy changes were not implemented, although the response from the Traffic and Municipal Court indicated that changes were made in January 2011 and since that time there has been an increase in the use of summonses. It would be valuable to conduct a small follow-up study on more recent data.

The report goes on to extrapolate the cost to the City in terms of the increased cost of detention that resulted from the failure to implement the policy. The report does not address any impact the failure to implement the policy may have had on requirements for projected jail size. The report properly faults the NOPD for failing to implement the provisions of the ordinance that requires officers to describe, with specificity, the factors that justify an arrest rather than the issuance of a summons.

Findings five through seven are more controversial and venture into public policy analysis. Finding five principally deals with the OIG's view of best practices for dealing with non-violent offences, but cites no specific public policies that have been adopted against which the conduct complained of is to be measured. For example, what statute or ordinance specifies precisely what should be the proper law enforcement approach to public drunkenness, begging, or criminal trespass? While the OIG has its own views on best practices, these are not uncontested and some may disagree that the non-violent offenses highlighted in the report "do not pose a serious threat to public safety and their repetitive pattern indicates that jail is not an effective deterrent." The portions of Finding five that deal with the implications of the ruling in *Dear v. Shea* concerning indigent defendants do address an explicit public policy ; but even in this area, the OIG wanders into a field unsupported by an adopted public policy in criticizing the court's community service program.

Finding six cites no adopted public policy that delegates to the City Attorney's Office the responsibility for creating and implementing a diversion program. The obligation to screen is inherent in any prosecutorial function. The OIG makes a convincing case that diversion programs are "best practices," but until the policymaker adopts the policy, funds its implementation and delegates responsibility for the same to the City Attorney's Office, the

fairness of criticizing the City Attorney's Office for failure to implement the program is open to serious question.

Finding number seven suffers from defects in many respects similar to those in Finding six. The failure to implement the funding of the requirements of the Department of Justice ("DOJ") report of September, 2009 is serious. So also is the failure of the sheriff to present a detailed and transparent budget to the City. The report of the OIG makes the point that so long as the sheriff is paid on a per diem, rather than a cost of service basis, the sheriff has no financial incentive to remedy the defects in communication that detain citizens unnecessarily and that fail to provide timely release where appropriate. All this drives up the cost. Here again, the OIG demonstrates deep knowledge of the subject matter and makes recommendations that, if implemented, would benefit New Orleans and its citizens, in terms of accountability, financial management and quality of life. But in those areas that lack an adopted public policy or where the delegation of authority is not clear, it might be more helpful and more persuasive if such comments and suggestions were treated as "observations" rather than as "findings."

Report on the System of Courts in New Orleans and Performance of the Traffic Court

The Office of the Inspector General began an evaluation of the efficiency and effectiveness of the New Orleans city court system and, upon finding troubling issues with the operation of the Traffic Court, the Office also conducted a performance review of the Traffic Court. Currently, New Orleans has four distinct city courts—the First City Court, the Second City Court, the Municipal Court and the Traffic Court—served by twelve judges, six of whom are considered to serve part-time.

Part I of the report compares the workloads and costs of the four courts in New Orleans with Baton Rouge, which has a consolidated court. The analysis adjusts for different types of cases through the use of "work-point values" and assumes that workloads for part-time judges, as compared to full-time judges, should be proportional to their salaries. The analysis reveals that there are an excessive number of judges in city court system in New Orleans compared to Baton Rouge, and the Municipal Court carries a much heavier burden than the Traffic Court and

the two other civil courts. The overall cost of court operations in New Orleans, again adjusted for workload, is also substantially higher than in Baton Rouge.

In further analysis, the Office of the Inspector General highlights what it determines as an excessive number of employees of Traffic Court compared to Municipal Court. Mandates for court staffing in state law apparently contribute to this excess. Based on this finding as well as the uneven workload between the courts, the Office of the Inspector General recommends consolidation of the Municipal Court and the Traffic Court.

Part I of the report also contains information on the total budgets and expenditures of the Municipal Court and Traffic Court inclusive of the funds that the courts collect themselves. The City's operating budget included only a portion of the total annual budget for both courts, which limits public oversight. Both courts do submit overall budgets to the City. The report finds that Traffic Court spent in excess of \$1 million more in 2010 than the overall budget it submitted to the City. It also had more employees than were requested in their submitted budget and also had inadequate records and weak financial controls.

Part II of the report contains a detailed performance review of the Traffic Court. The focus here was on the operation of the Judicial Expense Fund. The report highlighted a number of serious difficulties with the operation of this fund, inadequate financial controls, and overall lack of oversight by the City. In addition, the report also highlighted an absence of policies for handling non-DWI traffic cases by city attorneys and noted that tickets were dismissed by court employees and judges, contrary to state law. Furthermore, the report systematically highlighted poor oversight and deficient management practices of the Traffic Court.

Our committee believes that this report was extremely valuable and presented very useful information to the public, the city, and the courts. The comparison with the court system in Baton Rouge was insightful and clearly highlighted inefficiencies within the operation of the city courts in New Orleans. The in-depth study of the Traffic Court was particularly revealing and drew attention to a system that needs repair. The report makes it clear that there is insufficient oversight over budgeting and expenditures in the Traffic Court, and this deficiency needs to be addressed.

In his response to the report, Municipal Court Administrative Judge Paul N. Sens raised several issues. He first questioned the accuracy and appropriateness of the statistical comparisons of the court system in New Orleans and Baton Rouge. We disagree with him on this point—we believe that the analysis made reasonable assumptions and revealed an overall level of inefficiency in the operation of the system of city courts.

Judge Sens also noted that the report itself indicates that there was appropriate judicial staffing for the Municipal Court; the inefficiencies were concentrated in the Traffic Court and the two civil courts. Furthermore, the Municipal Court will be experiencing a higher level of workload in the future as it will now take on some cases currently heard in Orleans Parish Criminal Court.

Both these points are valid and do raise the issue about whether consolidation is the best solution for reducing inefficiencies in the city court system. The report could be read to suggest focusing first on reducing the impediments for improved operations of the Traffic Court and re-thinking the funding and operations of the First and Second City Courts. Improving the efficiency and structure of these courts is an alternative to consolidation. While our committee does not take a view on the relative merits of the two approaches, we do not believe that a recommendation for consolidation follows directly from the findings of the report. Despite this reservation, in this report the Office of the Inspector General did highlight a set of key issues for the city and provided a series of useful recommendations. Consolidation, however, is a large and complex step and much more analysis would be needed to support it.

IV. Conclusion

This report of the Quality Assurance Advisory Committee assesses the written work product of the Office during 2011. We reviewed the written material from the Office of the Inspector General utilizing the following criteria: overall productivity, significance and importance, scope of the work, clarity of the presentations, the use of appropriate methods for analysis, and fairness and objectivity.

We found the OIG to be extraordinarily productive in producing the nineteen documents we reviewed. The topics the OIG chose for analysis covered some of the most important issues facing the City of New Orleans, including, for example, the operation and financing of the Municipal and Traffic Court systems, the treatment of non-violent offenders in the judicial system, and the internal operations and processes of the city government. The scope of the reviews of the OIG was broad, encompassing city operations as well as affiliated agencies. The reports themselves were models of clarity with clear executive summaries. The reports were data-driven and used methodologies appropriate to the tasks at hand. We also believe that the OIG conducted its analyses in a fully objective and fair manner.

We have three general recommendations for future reports. First, it would be useful to have some indication—perhaps in the Annual Report from the OIG—of the amount of time spent on the various reports. Second, the OIG should carefully note the possibility that very recent changes in the policy environment could affect the timeliness of their analysis. Finally, the reports of the OIG should clearly distinguish between failures to adhere to existing laws and regulations, and recommendations based on policy considerations.

Overall, the committee believes that the written product of the OIG was of extremely high quality on all dimensions. The reports from the OIG were truly valuable to the policymakers and citizens of New Orleans.

APPENDIX
DOCUMENTS REVIEWED

OFFICE of the INSPECTOR GENERAL
2011 REPORTS & PUBLIC LETTERS

PUBLIC LETTERS

Letter to First ADA and Deputy Chief Public Defender – NCSC Analysis (12/15/10)	January 11, 2011
Letter to First Deputy Mayor and CAO Andy Kopplin – Municipal Court “Take-Home” Vehicles	January 18, 2011
Letter to Mayor Landrieu Regarding OIG Review of NOPD Policy Changes	May 12, 2011
Letter to Mayor Landrieu Regarding Chief Ronal Serpas’s Allegations	November 30, 2011
OIG Statement Regarding Letter to Mayor Landrieu: Chief Ronal Serpas’s Allegations	December 2, 2011

AUDIT & REVIEW

A Performance Audit of the Municipal Court’s Remittances to the City	January 13, 2011
A Review of the New Orleans Municipal Employee’s Retirement System’s (NOMERS) Travel Policy	March 23, 2011
City of New Orleans Purchasing and Accounts Payable Internal Control Performance Audit	May 12, 2011
A Report on the French Market Corporation’s Credit Card and Expense Reimbursement Policies	June 9, 2011
City of New Orleans Fixed Asset Internal Control Performance Audit	June 16, 2011
Follow-Up Report: Orleans Parish Criminal Sheriff’s Office Vehicle Audit	July 21, 2011
City of New Orleans Miscellaneous Donations Fund and America’s New Orleans Fund Report	September 6, 2011

Follow-Up Report: New Orleans Aviation Board Vehicle Fleet Control	October 18, 2011
Payroll Internal Control Performance Audit	October 28, 2011
Municipal Yacht Harbor Policy Manual Review	November 1, 2011
Orleans Parish Prison Inmate Charges	December 15, 2011
<u>INSPECTIONS & EVALUATIONS</u>	
City of New Orleans Arrest and Detention Policies for Non-Violent and Traffic Offenses	June 2, 2011
Assessment of New Orleans's System of City Courts and Performance Review of New Orleans Traffic Court	November 17, 2011
<u>ANNUAL REPORT</u>	
2011 Annual Report	March 15, 2012