



# Office of Inspector General

City of New Orleans

## 2010 ANNUAL REPORT

Submitted pursuant to City Code § 2-1120 (10)

March 15, 2011

**E. R. Quatrevaux**  
Inspector General

## Inspector General's Message

The Office of Inspector General had a productive year that began with the issuance of a report on the City's oversight of sanitation contracts. The OIG issued 11 reports and 8 public letters in 2010 that together identified \$9.4 million in costs that could have been avoided. These documents also provided recommendations that were intended to reduce the City's vulnerability to fraud and disadvantageous contract terms.

OIG investigations conducted with our federal partners resulted in guilty pleas by two former high-level City officials. The OIG also presented several cases to the District Attorney's Office that remained pending at the close of this reporting period. The Inspector General released a Public Letter describing the then-incumbent Police Superintendent's refusal to comply with the Police Monitor law, and a second Public Letter announcing the suspension of the Police Monitor's activities until a new Superintendent took office.

The Inspector General conducted a nationwide search for the Independent Police Monitor (IPM) and made the selection in a well attended public process. As one of the IPM's first acts, she successfully collaborated with the NOPD on a protocol that represents a milestone on the NOPD's path to national respectability. Further details may be found in the IPM's Annual Report.

During the year, the OIG issued its Annual Report for 2009 and a Strategic Plan for 2011-2014. It also arranged for a Peer Review of its work products to be conducted in 2011. Last, the OIG prepared suggested changes to its governing ordinance in order to improve clarity and align its provisions with that of state law.

## Staff

The OIG is organized along functional lines into Audit, Counter Fraud, and Inspection and Evaluation divisions. The Contract Monitoring Office was transferred to the I&E Division after the departure of Dr. Westerling in September. The Independent Police Monitor reports separately.

The OIG leadership is shown below:

<b>Audit Division</b>	Deputy IG Eileen Andrus
<b>Counter Fraud Division</b>	Assistant Chief Frederick Boyd
<b>Inspection and Evaluation Division</b>	First Assistant IG Janet Werkman
<b>General Counsel</b>	Deborah McCrocklin
<b>Independent Police Monitor</b>	Susan Hutson

## Budget

The OIG - Ethics Review Board budget is set by the City Charter at .75% of the Operating Budget, and was about \$3.4 million in 2010. This amount also funds the Independent Police Monitor operation. The OIG and ERB collectively returned about \$400,000 to the City at the end of the year.

## Audit Activities<sup>1</sup>

The OIG released the following reports (see full reports at [www.nolaoig.org](http://www.nolaoig.org)):

***The Department of Sanitation Contract Oversight Performance Audit*** reviewed the City's oversight of contracts for sanitation collection. Eight findings were noted and \$41,000 of overbilling was detected.

***Travel and Business Expense Reimbursement and Credit Card Issuance and Use*** reviewed the City's travel-related policies and offered 93 recommendations for improvements.

***Hotel/Motel Tax Review: Results of Sampling Twenty-Four Active Hotels/Motels*** found 3 hotels that had not paid the City for the taxes collected from customers and substantial non-compliance by other hotels. The amount owed for tax, penalties, and interest was estimated to be \$148,719.

***Public Letter: Expenses Reimbursement*** questioned travel reimbursement paid to the Director of Sanitation amounting to \$6,354.

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<sup>1</sup> This report does not include audit support to investigations.

## Inspection and Evaluation Activities

The Office released the following reports (See full reports at [www.nolaoiq.org](http://www.nolaoiq.org)):

**Review of Professional Services Contract with MWH Americas, Inc. For Infrastructure Project Management** identified \$2.8 million in questionable costs and a seriously flawed procurement.

**Consulting Project on NOPD Survey** helped the NOPD obtain statistically significant results from its telephone survey of crime victims.

**Review of Professional Services Contract with Disaster Recovery Consultants (DRC) for Public Assistance** detected \$1.7 million in funds wasted through unnecessary outsourcing.

**Review of City of New Orleans Contract with Telecommunications Development Corporation** identified \$1.3 million in waste that resulted from a flawed procurement.

**Follow Up Report: Crime Surveillance Cameras** found that the system remained highly unreliable and that the City paid \$190,000 for equipment which it appears not to have received.

**Citizen Verification Project: Sanitation Property Survey** found that the City could save between \$600,000 and \$3.6 million through regular and detailed review of serviced locations.

**Preliminary Review of Statistics Underlying Case Allocation in Criminal Court** provided the District Attorney with a critique of an analysis by a third party.

**Public Letter: Electronic Monitoring** disclosed that the City had failed to award a contract for electronic monitoring of detainees to what it considered the most responsive and lowest cost bidder, an action that cost the City about \$1.3 million.

**Public Letter: Best Practices for the Award of Professional Services Contracts** reviewed relevant law, described the practices in other cities and recommended model standards to remove politics from the procurement process through centralized procurement under the direction of a Chief Procurement Officer.

**Public Letter: Disadvantaged Business Enterprise Program** observed that the DBE program staff did not understand the legal basis for the program, and that the program had no written rules, held meetings without public notice, and had insufficient resources.

**Public Letter: City Procurement Process** reported that review of about twenty Invitations to Bid and Requests for Proposals led us to conclude that the City needed to strengthen its capacity to prepare specifications and write contract terms that protect the City's interests.

The Contract Monitoring Office reviewed more than twenty ITBs and RFPs in 2010, and provided those comments to the City's procurement officials.

### **Counter Fraud Activities**

The OIG received 104 allegations in 2010, from which 9 investigations were opened. Four investigations were open at the end of 2010.

Investigators continued to support the federal prosecution of Greg Meffert, Anthony Jones, Mark St. Pierre and others. Meffert and Jones pleaded guilty to various charges, and St. Pierre is under indictment.

An investigation substantiated allegations of violations of open meetings law at the New Orleans Public Belt Railroad Commission. (See full report at [www.nolaogig.org](http://www.nolaogig.org)).

An investigation found that an allegation that NOPD officers providing motorcycle escorts for over-sized truckloads were demanding cash payments improperly was unsubstantiated. (See full report at [www.nolaogig.org](http://www.nolaogig.org)).

An investigation substantiated allegations of bribe solicitation by a City employee; the matter was referred to a prosecutor.

An investigation substantiated allegations of theft by a contractor employee; the matter was referred to a prosecutor.

## ACTIVITIES UNDERWAY – December 31, 2010

### AUDIT ACTIVITIES

Audit of Municipal Court Remittances to the City

Audit of Orleans Parish Prison Charges to the City

Audit of Donations to the City

UDAG Grant Expenses Review

Evaluation of Internal Controls - Payroll

Evaluation of Internal Controls – Fixed Assets

Evaluation of Internal Controls – Accounts Payable

### INSPECTION & EVALUATION ACTIVITIES

Evaluation of the Costs of Incarceration Policies

Evaluation of Municipal Court and Traffic Court

Best Practices Guide for Satellites of City Government

## PERFORMANCE RESULTS

The Strategic Plan 2011-2014 sets out the performance measures for the goals set by the organization. An extract of the Strategic Plan appears below with 2010 results superimposed in blue.

**GOAL: RELEVANCE** – OIG resources are directed to the issues of greatest concern in time to be useful.

**Sub-goal 1: Importance** – The right issues are selected for review.

Performance Measures:

- Strategic plan assessed risks for the universe of City of New Orleans responsibilities and operations. (Y/N) [YES](#)
- Planning process solicited the concerns of the City Administration and City Council members, and considers public concerns. (Y/N) [YES](#)
- Resources were assigned according to priorities based on a risk assessment. (Y/N) [YES](#)

**Sub-goal 2: Timeliness** – OIG reports are delivered at the right time.

Performance Measures:

- Percentage of assignments completed by assigned deadline. [This measure has proven to be inadequate because the time required to obtain information from the Administration has increased, and we cannot project with confidence when documents will be provided.](#)
- Administration and City Council views of timeliness of OIG reports. [The Administration did not respond to the survey instrument.](#)

[The City Council members who responded agreed or strongly agreed that the OIG delivered final reports in a timely fashion. The City Council members who responded also agreed or strongly agreed that the OIG released work products in time to address urgent issues.](#)

**GOAL: CREDIBILITY** – Reviews are performed by independent staff of sufficient competence to achieve review objectives, and in accordance with professional standards.

**Sub-goal 1: Independence** – OIG staff is organizationally and personally independent.

Performance Measures: IG Certification of Independence in all final reports. [A Certification of Independence appeared in all Inspection and Evaluation reports. Independence in Audit reports is represented in the statement of adherence to Government Auditing Standards.](#)

**Sub-goal 2: Competence** – OIG staff possesses the knowledge and skills to achieve the objectives of OIG reviews.

Performance Measures:

- Percentage of professional staff with advanced degrees. [68% \(13 of 19\)](#)
- Percentage of staff meeting continuing professional education requirements. [100% \(15 of 15\)](#)
- Percentage of audit and investigative staff with national certification. [100% \(10 of 10\)](#)

**Sub-goal 3: Methodology** – The methodology employed meets professional standards and is appropriate to review objectives.

Performance Measures:

- Percentage of reviews meeting applicable professional standards. [100%](#)
- Percentage of draft findings sustained in final reports. [100% \(132 of 132\)](#)

**GOAL: COMMUNICATION** – Findings and recommendations reported achieve maximum impact and encourage corrective action.

**Sub-goal 1: Quality:** Information presented is accurate and complete; findings identify underlying causes of reported problems; and recommendations are effectively communicated to decision makers.

Performance Measures:

- Instances of factual errors or material omissions in final reports. [None identified.](#)
- Percentage of recommendations accepted. [The prior Administration accepted 6 of the 15 recommendations offered, or 40%. The current Administration accepted 110 of 117 recommendations, or 94%. The percentage of recommendations accepted overall was 88%.](#)

**Sub-goal 2: Form and Content** – OIG reports meet all form and content expectations established by City ordinance and professional standards.

Performance Measures: Instances of failure to meet or satisfy form and content requirements. [None identified.](#)