



Office of Inspector General

City of New Orleans

2014 ANNUAL REPORT

Submitted pursuant to City Code § 2-1120(9)

January 7, 2015

**E. R. Quatrevaux
Inspector General**

Inspector General's Message

Ten audit and evaluation reports identified \$181,493 in costs that could have been avoided, and criminal investigations identified fraud schemes that had a potential loss of \$3,153,481. The total of \$3.3 million exceeded the OIG net budget of \$3.0 million. Estimated dollar savings are less than in prior years because the focus of OIG work has been public safety, which yields few monetary benefits but can greatly affect the quality of our citizens' lives.

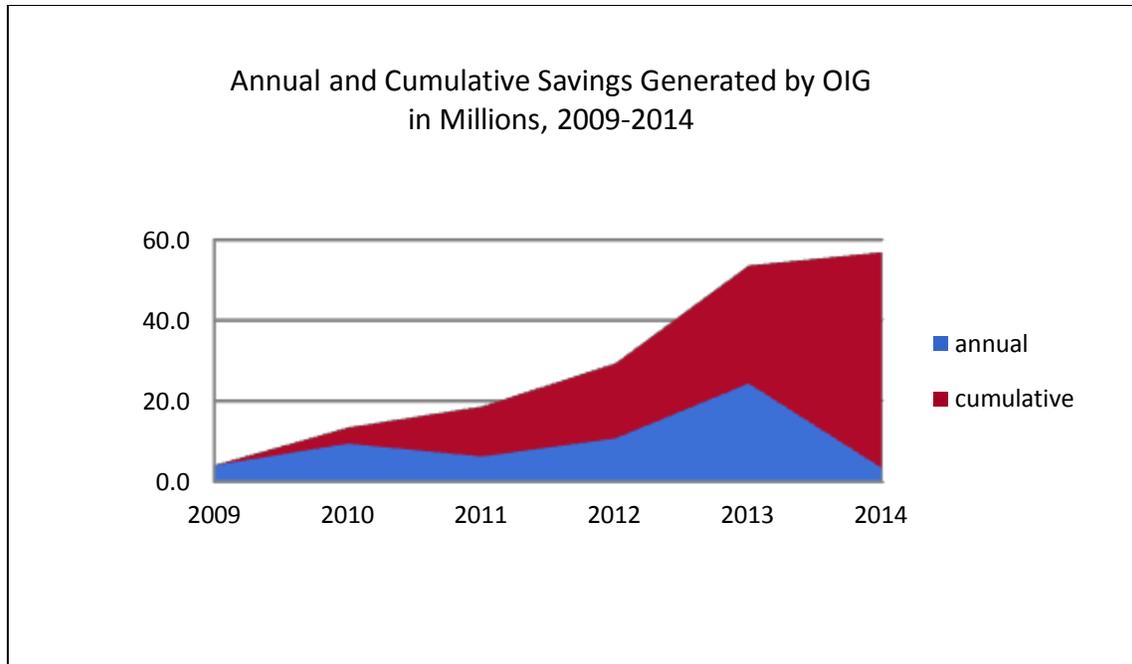
Joint investigations with our federal partners led to 10 indictments and 3 convictions in 2014, while cases with state charges resulted in 4 bills of information. Administrative investigations resulted in the termination or suspension of 13 City employees, including the former head of the Taxicab Bureau and the former Airport Ground Transportation Manager.

The OIG Strategic Plans issued for years 2013-2018 described public safety risks in New Orleans and scheduled a series of projects to assess the criminal justice system and its operations. The first completed project in 2013 was the ***Inspection of NOPD Field Interview Data***, which was followed by a ***Review of Security Taxing Districts*** and the ***Review of the NOPD Early Warning Program***.

In 2014 a ***Performance Audit of NOPD Grants*** found the grants ably managed and detected under-billing of a state grant. A ***Performance Audit of NOPD UCR Reporting of Forcible Rapes*** and a ***Performance Audit of NOPD UCR Reporting of Robbery*** determined that over 40% of rapes and 37% of robberies were misclassified as miscellaneous, unfounded, or as a lesser charge. A ***Performance Audit of NOPD Payroll*** found unapproved and excessive overtime and discovered that some officers charged their time to NOPD when working details. A ***Performance Audit of NOPD Central Evidence & Property Section*** showed improvement but also found that required inventories were not performed and that thousands of items remained after they were no longer needed as evidence.

An ***Evaluation of NOPD Staffing and Deployment*** determined that only 21% of NOPD officers were assigned to answer calls for service and that the shortfall for answering calls for service is about 100 officers. The report noted that approximately 100 officers were performing job duties that did not require a sworn officer, and recommended conversion of these positions to require the more easily acquired and trained non-sworn employees. Although the NOPD rejected all 11 recommendations in its response to the report, the new leadership has taken actions to implement some of them: converted sworn positions to non-sworn; reassigned 22 officers to patrol duty; and assigned narcotics detectives to patrol duties. The City Council is working on legislation to reduce the burden of responding to 39,000 false burglar alarms annually.

An ***Inquiry into Documentation of Sex Crime Investigations*** found that supplemental reports documenting investigative activities of 5 detectives were submitted in only 14% of cases, and identified 271 cases for NOPD investigation. The results validated the earlier audit report.



The OIG issued 61 reports, 15 follow-up reports and 30 Public Letters in the period 2009-2014. Savings from these reports and investigative actions are estimated at \$57.9 million.

Staff

The OIG is organized functionally into Audit, Inspection and Evaluation, Investigations, and Construction Fraud divisions.

The OIG leadership is listed below:

Audit Division

Assistant IG Eileen Shanklin-Andrus

Inspection and Evaluation Division

Assistant IG Nadiene Van Dyke

Investigations Division

Assistant IG Howard Schwartz

Construction Fraud Division

Assistant IG Peter Smith

Legal Affairs

Assistant IG Suzanne Lacey Wisdom

Budget

The OIG - Ethics Review Board budget is set by the City Charter at three-quarters of 1% of the General Fund, which was \$3.8 million in 2014. The budget funded the ERB at \$201,396 and the Independent Police Monitor operation at \$541,207. The Construction Fraud Division was funded by the New Orleans Aviation Board (\$437,000) to deter and detect fraud in the airport's construction projects.

Audit Activities¹

The Office released the following reports (see full reports at www.nolaoiq.org):

A Performance Audit of NOPD Grants found that one grant was under billed by \$59,325, and that NOPD did not take necessary actions to monitor grant activity regarding overtime.

A Performance Audit of NOPD Uniform Crime Reporting of Forcible Rapes found that NOPD misclassified 46% of the offenses tested to miscellaneous, unfounded and sexual battery.

A Performance Audit of NOPD Payroll found violations of overtime limits and approvals, officers who worked unapproved details and 3 officers who worked paid details while also working their NOPD shift.

A Performance Audit of NOPD Uniform Crime Reporting of Robbery found that NOPD misclassified 37% of the robbery offenses to miscellaneous and 40% of the offenses tested to misclassified instead of robbery unfounded.

A Performance Audit of NOPD Central Evidence & Property Section found that NOPD did not conduct annual inventories or when the key-holder changed, currency was recorded at original value after it was deposited, and evidence was not purged when statutes of limitations expired.

Review of the Firefighters' Pension and Relief Fund Credit Card & Expense Reimbursements revealed that the policy was inadequate, unallowable credit card purchases were made, and the Board did not enforce the requirement for written explanations of charges.

A Performance Audit of the Bureau of Revenue Internal Controls found that the Bureau lacked internal written policies and procedures, did not complete audits timely and did not levy taxpayer bank accounts.

Public Letter: Audit of NOPD Grants advised the City that expenditures for a COPS Technology Grant were not posted in the proper accounting period.

Public Letter: Audit of Payroll Internal Controls advised that users who no longer worked in the Payroll Department retained the ability to approve timecards as much as three years later.

Follow-up Report: The Payroll Internal Control Performance Audit determined that the City had implemented or partially implemented 13 of 19 recommended corrective actions.

Follow-up Report: A Performance Audit of New Orleans Aviation Board Month-to-Month Contracts found that the NOAB had implemented all recommended corrective actions.

¹ This report does not describe audit and evaluation support to investigations.

Inspection and Evaluation Activities²

The Office released the following reports (See full reports at www.nolaoig.org):

Evaluation of NOPD Staffing and Deployment: Meeting the Demand of Citizens Calls for Service with Existing Resources found that only 21% of the department's officers were assigned to calls for service, and that a shortfall of approximately 100 patrol officers existed. The report cited 100 officers who performed job functions that could be done by non-sworn (civilian) staff rather than officers who are difficult to recruit and who must compete lengthy training. Last, the report recommended changes to ordinances to reduce the labor burden of false burglar alarms and minor traffic accident investigations.

Evaluation of the City's Electronic Monitoring Program Administered by the Orleans Parish Sheriff's Office, Part I: Budget & Billing found that the OPSO charged the City more for electronic monitoring than it originally proposed, more than it charged another entity for the same services, and more than a similar program in another city.

Evaluation of the City's Electronic Monitoring Program Administered by the Orleans Parish Sheriff's Office, Part II: Implementation & Supervision found that the EMP failed to supervise defendants adequately because of vague program protocols, haphazard record keeping practices, and informal policy decisions that allowed defendants to ignore the terms of their court-ordered restrictions without immediate consequences.

A ***Public Letter to Sheriff Marlin Gusman: Procurement of Professional Medical and Mental Health Services*** advised that selection of contractors in private was not in the best interests of the City and asked that the procurement be opened to public scrutiny.

Follow-up Report: Evaluation of City Employee Life Insurance found that four of six findings were resolved, one was partially implemented, and one was not implemented.

² This report does not include Inspection & Evaluation support to investigations.

Investigative Activities

Ten indictments and/or bills of information and 3 convictions resulted from joint investigations with the FBI. Administrative investigations resulted in the termination or suspension of 13 City employees.

An inquiry into the documentation of sex crime investigations by 5 detectives of the NOPD's Special Victims Section found that these detectives filed only 179 supplemental reports, or 14% of 1,290 sex crime related calls for service. The inquiry identified 271 cases for review and investigation by the NOPD.

An administrative investigation concluded that two Taxicab Bureau inspectors abused their authority. An administrative investigation determined that former Taxicab Bureau Director Malachi Hull had neglected his responsibilities, had failed to ensure public safety, and had lied to OIG investigators. All were terminated by the City.

An administrative investigation into allegations of neglect of duty by Larry Bishop, Ground Transportation Service Manager, New Orleans Aviation Board, determined that Bishop had authorized decals even though the applications were incomplete or did not exist, and had lied to OIG investigators. His employment was terminated by the Aviation Board.

Potential Economic Loss Prevented (PELP) is the methodology used by the FBI to estimate the preventive effect of its investigations. It projects the loss prevented in the current year into the estimated remaining life of the fraudulent operation.³ OIG investigations in 2014 identified fraud schemes with a potential economic loss of \$3,153,481.

Construction Fraud Division

The OIG established an office at the Louis Armstrong International Airport in 2011 to review contracts and major financial transactions as part of a continuous monitoring program. After that program was concluded, the New Orleans Aviation Board requested the OIG to provide fraud deterrence services for the construction of a new terminal, and additional OIG personnel have been on-site since mid-2013 to monitor project and construction management on a daily basis.

³ For example, if a \$500,000 loss was estimated in the first year of a three-year contract, assume it would continue another two years; making potential economic loss prevented \$1.5 million.

PERFORMANCE RESULTS

The Strategic Plan 2014-2017 set out the performance measures for the goals set by the organization. An extract of the Strategic Plan appears below with 2014 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](#)

- 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:

- OIG reports are issued prior to important milestones.

The OIG issued nine reports on NOPD activities in 2014, eight of them prior to the Council's budget decisions.

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 staff meeting continuing professional education requirements. [100% \(16 of 16\)](#)
- Percentage of audit and investigative staff with national certification. [100% \(13 of 13\)](#)
- Percentage of non-investigative professional staff with advanced degrees. [89% \(8 of 9\)](#)

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. [93% \(74 of 80\)](#)

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. [72% \(53 of 74\)](#)

Note: 15 of 21 recommendations rejected came from the NOPD - 11 on the Staffing & Deployment report. However, the new NOPD leadership has implemented various recommendations of that report that were aimed at putting more officers on the street where they are needed most.

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.](#)

STAFF HOURS

Staff hours consumed by each project are provided at the suggestion of the Quality Assurance Committee. Those hours are the total for each completed project including work from prior years. The hours displayed below exclude legal review, inspector general review, and support to Investigations.

Audit & Review Division

Performance Audit of NOPD Central Evidence & Property - 1336 hours

Performance Audit of NOPD Uniform Crime Reporting Accuracy- Robbery - 976 hours

Performance Audit of NOPD Uniform Crime Reporting Accuracy- Rape - 976 hours

Performance Audit of NOPD Grants– 660 hours

Performance Audit of NOPD Payroll – 576 hours

Performance Audit of Bureau of Revenue Internal Controls - 375 hours

Review of Firefighters’ Pension & Relief Fund Credit Card & Expense Reimbursements – 364 hours

Follow-up Report: Payroll Internal Controls Performance Audit - 207 hours

Follow-up Report: New Orleans Aviation Board Month-to-Month Contracts- 174 hours

Inspections & Evaluations Division

Evaluation of the Electronic Monitoring Program: Budget & Billing – 953 hours

Evaluation of the Electronic Monitoring Program: Implementation – 627 hours

Review of the NOPD Staffing & Deployment – 1563 hours

Follow-up Report: Evaluation of the City’s Employee Life Insurance - 115 hours