

An aerial photograph of a city skyline. In the foreground, a large, lush green park with many trees and a few palm trees is visible. A road with several cars and a bus is winding through the park. In the background, several tall office buildings are visible under a bright blue sky with scattered white clouds. The sun is shining from the top left, creating a lens flare effect.

2019 Annual Report

Derry Harper, CIG, Esq.
Inspector General



Derry Harper Esq., CIG
Inspector General

March 31, 2020

Dear Members of the New Orleans Ethics Review Board:

Pursuant to New Orleans Home Rule Charter and applicable ordinances, the Office of Inspector General (OIG) is privileged to submit its 2019 Annual Report. The Annual Report summarizes the full scope of work and other activities engaged in by the OIG during the previous calendar year.

The Annual Report highlights the professionalism, dedication, and the quality of the reports prepared by the OIG staff. In addition, the Report demonstrates the OIG's achievement in fulfilling our statutory responsibilities including the assessment of risks across the various city agencies. Highlights from the Report include a calculation of potential savings realized by City government based upon findings and recommendations in the audits, evaluations and investigation reports issued in 2019.

I am also pleased to point out that in 2019 OIG staff acquired and maintained various professional certifications which enhance performance and contribute to achieving our mission and objectives. The certifications include: Certified Fraud Examiner, Certified Forensics Computer Examiner, Certified Inspector General Investigator, and the Certified Public Accountant.

Thank you for your support and the work that you do. I also extend our sincere appreciation to the city agencies, boards and commissions, and other external stakeholders that support our efforts.

Respectfully,

Derry Harper, CIG, Esq.
Inspector General

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Inspector General's Message



As I write this, Louisiana Governor John Bel Edwards is holding a press conference updating the citizens of New Orleans and the State on the latest developments in the battle against the Coronavirus (COVID-19). At this time the City of New Orleans has suffered the highest number of confirmed cases and deaths in Louisiana and the second highest per capita confirmed COVID-19 cases nationwide. Orleans Parish is under a voluntary stay-at-home order and social distancing is strongly encouraged. Many City employees, including the Office of Inspector General (OIG) staff, and myself, are following this guidance and are working from home.

To some the release of this report may be criticized as an ill-timed self-congratulatory act, or even worse, an inappropriate exaggeration of the Office's value. Any such criticism would be unwarranted. The New Orleans Inspector General Act requires the OIG to publish an annual report summarizing its activities from the preceding year. Doing so promotes transparency and is necessary to demonstrate accountability in achieving our mission.

The 2019 Annual Report, released in the midst of a crisis the likes of which I have not seen in my lifetime, is indicative of why essential functions performed by the OIG must continue in order to assure New Orleanians we, as public servants, remain focused on doing our job. In addition, it is my hope this routine act of normalcy will raise awareness, not only of our accomplishments last year, but demonstrate the OIG's commitment to doing our job the very best we can, no matter the circumstances. We can do no less in the midst of this crisis as so many other City employees, like first responders and health care workers, are literally putting at risk their health and wellbeing every time they report to work.

The creation of the OIG was one response by the residents of this community to the devastation of Hurricane Katrina. In the aftermath of that crisis, local governmental and private sector leaders insisted something be done to ensure government met its heavy burden to protect the lives and wellbeing of the residents of this community free from a pervasive environment of corruption and fraud. Good government, they concluded, required an entity dedicated to preserving the public trust and effectively respond to allegations to waste and abuse.

The OIG is dedicated to doing just that. Because most OIG activities are conducted outside of public view, it is appropriate to inform the community we are here today, just like we were last year, doing our job. The 2019 Annual Report describes audit, evaluation, and investigation projects that advanced our mission. In several instances, we estimate the economic impact of these reports, as determined by the dollar value of identified questioned costs, and/or the potential savings that would result, if government entities accepted OIG findings and implemented our recommendations for corrective actions.

In 2019, we filled key vacancies in the OIG Executive Team with the addition of Larry Douglas, First Assistant Inspector General for Audit and Evaluations. Patrice Harris Sullivan, First Assistant Inspector General for Legal Affairs, and Ed Michel, First Assistant Inspector General for Investigations. A brief professional biography for both Ms. Sullivan and Mr. Michel can be found on Page seven. These individuals, both individually and collectively, bring a wealth of knowledge and professional experience to the OIG.

Our job in 2020, just as it was in 2019, and for years to come, is to do our very best in the performance of each and every task. We constantly strive to get better at everything we do by working harder, obtaining specialized training and credentials, and actively participating in national organizations such as the Association of Inspectors General, all of which must be accomplished while maintaining a steadfast commitment to integrity, fairness, and professional standards.

I am confident the people of New Orleans, as they have in the past, will overcome the current coronavirus health crisis with the same courage, perseverance, and resiliency as the world saw on full display after Hurricane Katrina. As citizens of this community, the OIG is privileged to contribute to this effort by continuing to identify and prevent fraud, waste and abuse. That is our mission. That is who we are and what we do.

OIG Mission and Vision



Mission

The OIG mission is to promote accountability, integrity, and efficiency in city government operations by preventing and detecting fraud, waste, and abuse. We do so by conducting audits, inspections, evaluations, and investigations. We provide our reports, findings, and recommendations to the public, the Ethics Review Board, the City Council, and other interested parties. Additionally, the OIG routinely refers fraud or misconduct allegations that may be criminal in nature to the appropriate federal, state, or local law enforcement agencies, and in many instances, assists in the investigation of the matters.

The OIG, as established in 2007 by City Ordinance, created a unique structural and operational framework to provide autonomy and independence from the City's Executive and Legislative branches while encouraging working cooperatively with the other government branches. The Ethics Review Board (ERB) is responsible for the appointment of the Inspector General to a four-year term but has no authority over OIG operations, including the selection and execution of audits, evaluations, inspections, and investigations. However, the ERB does serve the critical function of providing oversight by meeting regularly to review OIG reports and activities. This organizational structure was designed to provide the public with reasonable assurance all OIG activities are conducted in an objective and independent manner

Vision

Our vision is to preserve the public trust. These four words embody who we are and reinforce our commitment to the citizens of New Orleans and to the community as a whole. To fulfill this vision, all activities and reports issued by the OIG meet the highest professional and ethical standards. For more than a decade, the OIG's prime objective was to demonstrate we were worthy of the trust placed in us by the people of this community. To earn this trust in the future, we must strive every day to achieve excellence in the performance of all of our duties and at all times do so with a steadfast commitment to integrity and accountability. By fulfilling this pledge, the OIG will continue to have a positive impact in the lives of the people we serve and preserve the bond of trust that is the foundation of achieving our vision and mission.

Completion of the Executive Team

During the 2019 calendar year, Inspector General Harper continued his quest to recruit two top-notch candidates to complete his Executive Team. In addition to the earlier hiring of Mr. Larry Douglas, First Assistant Inspector General of Audit and Evaluations, he hired these career professionals with impeccable credentials.

Patrice Harris Sullivan, First Assistant Inspector General for Legal Affairs & General Counsel



Ms. Sullivan began with the New Orleans OIG in April 2019, after a 32-year career as an Assistant United States Attorney in the Eastern District of Louisiana, and a clerkship with Federal Judge Lansing Mitchell. She was Deputy Criminal Chief and Criminal Chief at the United States Attorney's Office from November 2015, until September 2018, and was the Health Care Fraud Coordinator since 1997, proactively identifying and prosecuting health care fraud, including many multi-week trials. From 1987 through 1997, Ms. Sullivan focused on financial institution recovery cases. Ms. Sullivan taught at the United States Attorney General's Advocacy Institute, acted as an EEO investigator, and frequently presented for the American Bar Association and the Louisiana State Bar Association. She received several awards including the United States Attorney General's Award for Fraud Prevention and the United States Department of Health and Human Services, Inspector General's Integrity and Cooperative Achievement Awards.

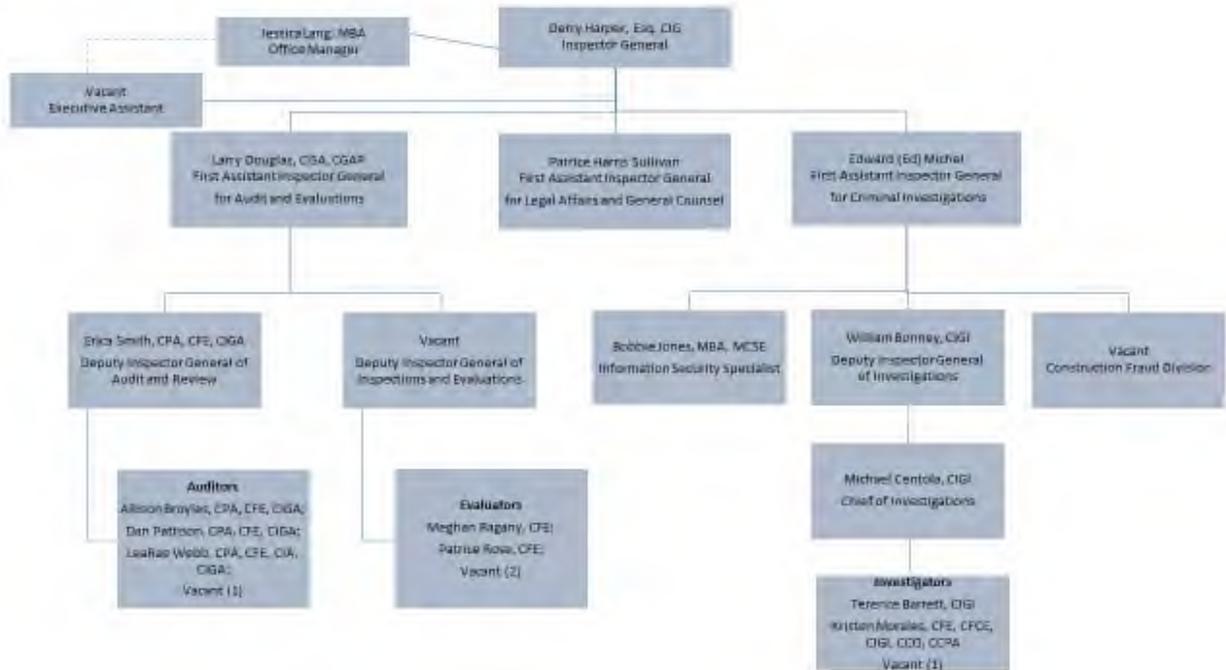
Edward Michel, First Assistant Inspector General for Criminal Investigations



Edward Michel was an FBI Special Agent specializing in public corruption investigations which resulted in the convictions of numerous public officials. He also served as the Unit Chief of the Foreign Terrorist Tracking Task Force and Special Assistant to the Assistant Director. He created an Internal Control Standard and National Training Agenda to protect the integrity of Indian Gaming, a \$28 billion dollar a year industry. Mr. Michel also served as an Assistant Special Agent in Charge where he mitigated significant threats abroad and in the United States. He was a Media Spokesperson and led the Community Outreach and Diversity Inclusion Programs. Mr. Michel currently leads Criminal Investigations as well as Information Technology efforts for the OIG. Mr. Michel attended Tulane University where he received a Masters of Professional Studies. Mr. Michel received the Integrity Award for his pursuit of fraud, waste, and abuse and the Spirit of Courage Award from the NAACP.

OIG Organizational Chart

(as of March 31, 2020)



Public Outreach and Presentations

In 2019, Inspector General Derry Harper responded to several invitations from various civic organizations to make presentations about his vision for the Office of Inspector General. In addition, Inspector General Harper responded to requests for comments from numerous local media outlets requests about the audit and evaluation reports issued during the year.

International Legislative Drafting Institute Tulane University School of Law

For the second time in as many years Inspector General Harper was asked to make a presentation at Tulane University School of Law's International Legislative Drafting which was celebrating its 25th year anniversary.

IG Harper shared the podium with Susan Hutson, the City of New Orleans Independent Police Monitor, for a presentation about their respective Offices to a record number of participants coming from Albania, Ghana, India, Kenya, Singapore, Sri Lanka, Uzbekistan, who were attending the Institute which provides training on the technical aspects of legislative drafting.

WBOK Radio

Inspector General Harper appeared several times in response to interview requests from the local AM radio station WBOK (pictured with Oliver Thomas, morning talk show host) the only minority owned news and talk station in New Orleans. IG Harper discussed, among other things, the OIG findings and recommendations in audit reports related to the Sewerage & Water Board, the Audubon Commission/Audubon Institute and the report issued by the Evaluations Division which identified numerous operational deficiencies in the NOLA Traffic Cameral Safety program.



In addition, IG Harper responded to requests for interview from local print and broadcast outlets about several reports issued during 2019.

Media Inquiries

WVUE FOX 8

“OIG questions whether Audubon Nature Institute used public funds for parties and Saints tailgating”

<https://www.fox8live.com/2019/12/18/oig-questions-whether-audubon-nature-institute-used-public-funds-parties-saints-tailgating/>

Major issues in New Orleans’ traffic camera program revealed in a new report, city responds

<https://www.fox8live.com/2020/01/30/over-k-owed-refunds-management-issues-traffic-camera-program-issues-revealed-new-report/https://>

NEW ORLEANS ADVOCATE

Past New Orleans S&WB management dictated what auditors should — and shouldn't — investigate, report says

www.nola.com/news/article_ef9d6a08-bef1-11e9-a1c2-f37a504d6592.html



Report: New Orleans collected \$730,000+ in traffic camera ticket overpayments

<https://www.wdsu.com/article/report-new-orleans-collected-more-than-dollar730000-in-overpayments-on-traffic-camera-tickets/30720906#>

Professional Development

The following professional development activities were conducted to enhance and further promote the New Orleans OIG's mission and purpose:

- Deputy Inspector General (DIG) for Audit and Review Erica Smith, participated on a peer review team for the Miami-Dade Office of the Inspector General's triennial Quality Assurance Review. She also conducted presentations at the Association of Inspectors General (AIG) trainings in March and August 2019.
- DIG William Bonney and Chief Michael Centola, both from the Investigations Division, and DIG Erica Smith, presented a Case Study: Theft of Brass Fittings Discovered - Conducting Parallel Criminal and Administrative Investigations at the 2019 AIG Training Conference.
- Investigator Kristen Morales was awarded the Certified Forensic Computer Examiner (CFCE). With this valuable certification, Investigator Morales is able to explain the forensic process from beginning to end and is reason enough to be allowed as an expert witness in any court of law. This credential is a sought after and industry-recognized certification requiring hours of dedication, peer review, and examinations.
- All OIG staff members completed their annual Code of Governmental Ethics training mandated by the Louisiana Board of Ethics Administration.

Audit and Review Division

The Audit and Review Division is responsible for conducting financial, compliance, and operational audits of City agencies and component entities. Collectively, those entities own approximately \$7.8 billion in assets and generate over \$1.6 billion in program revenues.

During the 2019 calendar year and under the direction of the newly appointed leader, the division worked in concert with the Inspections and Evaluation Division and completed the risk assessment framework and methodology. It was the first time since 2011 the OIG conducted a citywide risk assessment. The results of the Systemwide risk assessment identified entities with the highest risk and the most significant impact on the public.

The 2020 Audit Work Plan was completed in late August and is based upon the results of the System-wide risk assessment methodology. A major objective of the Work Plan is to communicate OIG priorities and strategies to the public, the Mayor, the City Council, the Ethics Review Board, and all interested parties.

While conducting and completing the Systemwide risk assessment and the annual work plan, the Audit and Review division finalized and released the following reports:

- Sewerage and Water Board – Internal Audit Performance Audit¹
<http://www.nolaoig.gov/reports/all-reports/s-wbno-internal-audit-department-performance-audit>
- Department of Public Works – Catch Basin Cleaning Project
<http://www.nolaoig.gov/reports/all-reports/dpw-emergency-catch-basin-cleaning-project-performance-audit>
- Audubon Commission and Audubon Nature Institute – Purchase Cards and Expense Reimbursements
<http://www.nolaoig.gov/reports/all-reports/audubon-commission-and-audubon-nature-institute-purchase-cards-and-expense-reimbursements-audit>

¹ Although the S&WB Performance audit did not specifically identify cost savings, it provided a significant intangible benefit to executive management and the public because it demonstrated the need to create a functioning Internal Audit department to ensure effective and efficient operations. Moreover, the recommendations allow the S&WB to reestablish an Internal Audit Department help for the S&WB to help themselves. A properly functioning internal audit department can detect issues before they become significant problems that adversely impact S&WB operations and ultimately the public.

The Audit Division is comprised of well-credentialed professionals with over 70 years of combined audit experience. These professional credentials include: Certified Public Accountant (CPA), Certified Fraud Examiner (CFE), Certified Government Auditing Professional (CGAP), Certified Inspector General Auditor (CIGA), Certified Information Systems Auditor (CISA), and Certified Internal Auditor (CIA).

Inspections and Evaluations Division

The Inspections and Evaluations Division (I&E) initiates and performs inspections, evaluations, and performance reviews within the jurisdiction of the OIG and in accordance with the Principles and Standards for Offices of Inspector General. Upon the hiring of Mr. Douglas as the new First Assistant Inspector General to manage both Audit and Review and Inspections and Evaluations Divisions, the I& E staff (Evaluators) equally assisted in the completion of the risk assessment framework and methodology. Further, the evaluators conducted extensive research and provided consultative advice to varying external stakeholders to promote efficiency and accountability within city government.

The I&E staff embraced this leadership transition as an opportunity to forge ahead and overhaul its working processes and procedures. The division continues to evaluate its approach to planning and executing projects based on specific training and best practices shared among industry and professional groups, as well as the experiences shared among employees from the past decade.

Despite the limited staffing, the evaluators worked diligently to complete the following project:

- Management and Operations of the Traffic Camera Safety Program ²
<http://www.nolaoig.gov/reports/all-reports/traffic-camera-safety-program-report>

In addition to being licensed attorneys with the State of Louisiana, the two evaluators are each credentialed as a Certified Fraud Examiner (CFE). The collective number of staff in both divisions holding this specific certification demonstrates the OIG's commitment to the prevention and detection of fraud, waste, and abuse within the City of New Orleans.

In 2019, the OIG identified approximately \$1,487,169 in project savings and/or questioned costs³

² The evaluation work and initial report were completed as of December 2019. The citywide cyberattack delayed coordination with city officials to finalize and release the report on January 30, 2020.

³ The \$1,487,169 total of the OIG projected savings/questioned costs was calculated as follows:

- \$744,696 – PELP costs identified from the Audubon Purchase Cards and Expense audit;
- \$730,000 – Collections retained as unclaimed property from the Traffic Camera Safety evaluation; and
- \$12,473 - Costs avoided in paid overtime to SWB employees from the administrative investigation

Investigations Division

The OIG Investigations Division identifies, assesses and mitigates fraud, waste, and abuse associated within City departments, agencies, boards and commissions, including providers of City services. Individuals intent upon engaging in fraudulent activities are constantly evolving their tradecraft and frequently utilize technological advancements to facilitate illegal or unethical behavior. Through advanced training of OIG Investigation Division staff, the OIG was diligent in utilizing existing and emerging techniques to ensure operational integrity in New Orleans City Government. In 2019, the Investigations Division incorporated intelligence and bulk data analysis to become more agile in how fraud, waste, and abuse is identified and eliminated.

In 2019, the OIG Investigations Division investigated 32 complaints. Twelve complaints remain open and 27 have been closed. The Investigations Division also processed 56 complaints consisting of matters outside the jurisdiction of the New Orleans OIG, 30 of which were OIG Hotline complaints. By the end of 2019, the OIG had 21 active investigations.

2019 Administrative Actions		
Suspensions	Resignations	Admonishments/ Reprimands
14	1	3

2019 Criminal Actions			
Subjects Arrested	Indictments/Bill of Information	Convictions	Sentencings
2	2	4	3

2019 Complaints Investigated			
Criminal Complaints	Administrative Complaints	Ethical Violations	Other
7	21	1	3

2019 Investigations Initiated	
Criminal Complaints	Administrative
4	7

Noteworthy Cases

In times of increasing threats and limited resources, the OIG will continue to build vibrant partnerships with local, state, and federal regulatory and law enforcement agencies to spot, assess and mitigate the threats our citizens face in an efficient and effective manner.

Criminal prosecutions:

1. Former cultural ambassador and Jazz trumpeter Irvin Mayfield was indicted on December 14, 2017, and made his initial appearance on January 4, 2018. Mayfield was criminally charged with using his position as a New Orleans Library Foundation leader to funnel money to his jazz orchestra and another nonprofit bank account he controlled. He also spent \$15,000 in library donations to buy a gold-plated trumpet and spent \$23,000 at Saks Fifth Avenue and \$2,000 at Harrah's Casino. Mayfield is scheduled for trial in summer 2020.
2. The OIG received a request from the New Orleans District Attorney's office to assist in obtaining and reviewing videotape recorded on April 27, 2017, obtained from murdered United Cab taxicab driver, Ahsan Khan Ali, better known as Ali Khan. The OIG was knowledgeable about the video equipment found in New Orleans taxicabs, since the City mandated that taxi drivers install security cameras, video recording equipment, and GPS systems in their vehicles. OIG Investigator Kristen Morales, downloaded the video and, using special skills for which she was credentialed, identified a second suspect who was previously unknown. On January 31, 2019, an Orleans Parish grand jury returned an indictment charging Tyrone Jones, 25, with the robbery and shooting death in 2017 Ali Khan.
3. On April 2, 2019, Tonnette "Toni" Rice, the former leader of a New Orleans Multi-Cultural Tourism Marketing Network pleaded guilty to misdemeanor theft and was ordered to pay more than \$70,000 in restitution to the nonprofit group. The OIG's investigation found that between August 7, 2015, and March 16, 2017, while Rice was president of the nonprofit, she "misappropriated in excess of \$70,000" from the nonprofit for her personal benefit.
4. On October 29, 2019, Kevin Richardson pleaded guilty to one count of violating Title 18, United States Code, Sections 1952(a)(3) and 2, aiding and abetting the use of an interstate facility with intent to carry on unlawful activity. Richardson was employed as a building inspector for the City of New Orleans and utilized the internet to facilitate the crime of bribery. He solicited and accepted bribe money from individuals seeking favorable inspection reports and certificates of completion for properties that did not comply with the city and state building codes and for uninspected properties. He also paid bribe money to a City of New Orleans permit analyst for the issuance of permits without proper documentation and plan review.

5. On July 25, 2019, a former Sewerage and Water Board employee charged with theft of brass components pleaded guilty and was sentenced to 120 days at Orleans Parish Prison.
6. In coordination with federal authorities the Criminal Investigations Division obtained City emails for City of New Orleans employee Pascal Calogero, III. On September 26, 2018, Calogero was charged in a one-count Bill of Information with conspiracy to commit sex trafficking of a minor, in violation of 18 U.S.C. 1594(c). On February 6, 2019, Calogero pleaded guilty to this charge. On August 7, 2019, he was sentenced to 121 months imprisonment, five (5) years of supervised release, a \$5,100 special assessment fee, and restitution to the victim. Additionally, Calogero was required to register as a sex offender.

Administrative Investigations

- In October 2019, the OIG asked the Safety & Permit department to review GPS vehicle logs to determine if their employees were using city owned vehicles to conduct personal business. The department responded by reviewing the logs and suspending 11 employees for failing to work for the full time periods for which they were paid. Only one of the 11 employees contested his suspension.
- On September, 18, 2019, the OIG published the results of an investigation concerning the use of compensatory time within the Department of Health. The OIG determined that two Department of Health employees violated the terms of CAO Policy Memorandum No. 14, Prohibition Against Use of Compensatory-Time, which prohibits City employees whose job classification is not included in the Executive, Administrative and Professional Pay Policy from earning compensatory time off in lieu of overtime payment.
- On October, 18, 2019, the OIG published a Follow-up report regarding the Hot Mix Asphalt contract. The OIG recommended that the City consider the transportation costs that it will incur to haul large amounts of Hot Mix Asphalt in future procurements. The OIG also found that the City could reduce the unexpected costs and the product quality issues associated with transporting 6,000 tons of Hot Mix Asphalt by inverting the terms of the present contract to specify that the contractor furnish and haul the 6,000 tons of Hot Mix Asphalt while the City retrieves and transports only 1,000 tons.
- On November 04, 2019, the OIG published a Report of Investigation concerning an allegation that Health Department employee Mara Hahn personally benefited from the submission of a \$4,000 invoice dated May 26, 2017. The OIG determined that Hahn may have violated La. R.S. 42:1112, Participation in Certain Transactions Involving the

Governmental Entity by purchasing food for the Hollygrove Family Festival and arranging with the Conrad Park Booster Club (CPBC) to be reimbursed once the CPBC received payment from the City.

- On November 26, 2019, the OIG issued a Report of Investigation to the Coroner's Office concerning a former employee accepting monetary compensation from one or more forensic psychiatrists employed by the Coroner's Office in exchange for handling their after-hours and weekend mental health related duty calls, known as Orders of Protective Custody.

In 2020 and throughout, we will utilize the extensive experience held by our investigators as we also continue to improve our workforce development and the recruitment of future personnel. An educated public is a safe public and as such we will develop and highlight interactions with city employees and Stakeholders to inform them of the potential indicators to fraud.

The Investigations Division will also provide a mechanism where everyone can report these possible violations in a format which is respectful to their privacy while enabling the OIG to receive relevant information in a timely manner. These interactions will ultimately ensure the limited resources of the City of New Orleans are being utilized in a most ethical, effective and efficient manner, facilitating good stewardship of revenue provided to New Orleans.

Construction Fraud Unit

The overall mission of the Office of Inspector General, Construction Fraud Division (OIG-CFD) was to deter and detect fraud, waste, and abuse as it related to the design and construction projects at Louis Armstrong New Orleans International Airport (LANOIA). From 2013, until the completion of the airport in 2019, focus was centered on the construction of the new \$1billion dollar North Terminal Project (NTP).



Through a Memorandum and agreement between the Office of Inspector General (OIG) and the New Orleans Aviation Board (NOAB), the OIG-CFD was embedded at the airport and funded by the NOAB. The CFD served as an early warning system designed to deter fraud, waste, and abuse. The OIG-CFD implemented a full fraud detection and prevention program that acted as a central hub for the public, airport employees, contractors, and vendors to report fraud. Since its inception, the CFD reviewed over 920 invoices valued at approximately \$960 million. On Wednesday, Nov. 6, 2019, the new terminal at Louis Armstrong New Orleans International Airport (MSY) opened to the public.

The following photographs were taken December 16, 2019





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