

# MONTHLY REPORT

AUGUST 2021



# OIG

NEW ORLEANS  
OFFICE OF INSPECTOR GENERAL

**EDWARD MICHEL, CIG**  
**INTERIM INSPECTOR GENERAL**

# ADMINISTRATION DIVISION

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# 1,781

Number of registered Twitter followers

## ADMINISTRATION

The Office of Inspector General (OIG) Administration Division is in the final stages of initiating and issuing professional credentials to all OIG staff. The Office Manager is also responsible for the following tasks:

- Reviewing applications for the Criminal Investigator, Evaluator, and Forensic Auditor vacancies
- Organizing and securing OIG personnel files and creating a comprehensive filing system
- Coordinating and maintaining the OIG vehicle service records and travel logs
- Coordinating the OIG records management activities
- Finalizing the OIG's 2022 Budget

## INFORMATION SECURITY

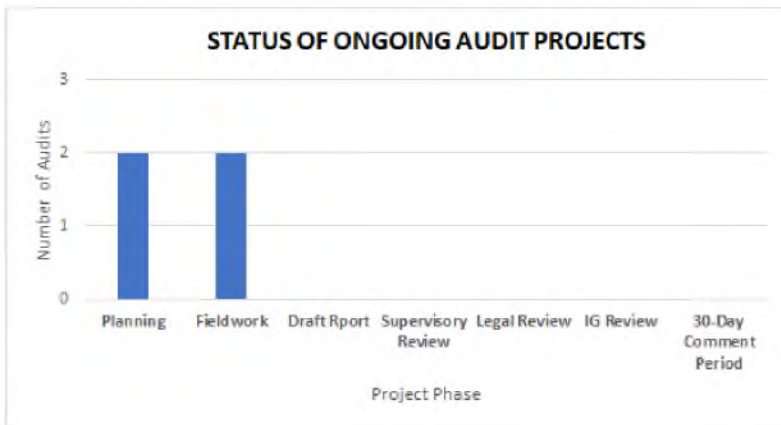
The OIG Information Security Manager is responsible for the following tasks to maintain the OIG's information technology (IT) integrity

- Technical Support
- Hardware and Software Updates
- Communication and Coordination
- Consultation for IT Purchases

# AUDIT & REVIEW DIVISION

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The Audit and Review Division conducts financial audits, attestations, compliance, and performance audits of City programs and operations. Auditors test for appropriate internal controls and compliance with laws, regulations and other requirements.



On August 19, 2021, the Audit and Review Division issued the Sewerage & Water Board (S&WB) Internal Audit Department Follow-up Audit Report

The Audit and Review Division has the following projects in process:

- BRASS Procurement System
- Orleans Parish Communications District (OPCD) Expenditures
- Department of Public Works (DPW)/SW&B Coordination
- Safety and Permits City Employee Inspections

## Project Phase Descriptions:

**Planning** - includes background research, data gathering, initial interviews, and/or internal controls assessment

**Fieldwork** - includes data and statistical analyses, interviews, testing of procedures, onsite observations, and/or physical inspections

**Draft Report** - includes data and statistical reviews, documenting fieldwork results, initial report writing, revisions and internal Quality Assurance Review (QAR) prior to supervisory review.

**Supervisory Review** - includes the review by both Deputy Inspector General and First Assistant Inspector General to ensure sufficiency and appropriateness of evidence, adequate fieldwork procedures, and proper conclusions, content, presentation and readability.

**Legal Review** - Report review by in-house General Counsel and/or outside Legal Counsel to ensure appropriate and proper legal citations and/or interpretations.

**IG Review** - Report review by the Inspector General based on corrections and recommended changes resulting from the Legal Review.

**30-Day Comment Period** - 30-day deadline for the department to review the draft report and submit management responses for inclusion in the final report.

# MEASURING PROGRESS

## AUDIT AND REVIEW DIVISION

The following information provides a summary of the Audit Division's project phase and a summary of the audit objectives.

Project Name	Project Phase <sup>1</sup>	Anticipated <sup>2</sup> Completion Date
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DPW/S&WB Coordination	Fieldwork	12/31/2021
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**Summary of Objectives:** To determine if the City of New Orleans and S&WB have sufficient policies and procedures relevant to coordinating the \$2 billion Capital Improvement Program and that the internal controls are operating effectively.

BRASS Procurement System	Fieldwork	12/31/2021
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**Summary of Objectives:** To determine if management's BRASS Procurement System's internal controls are designed properly and implemented and operating effectively.

Orleans Parish Communications District	Planning	Ongoing
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**Summary of Objectives:** To determine if management's internal controls are designed properly and implemented and operating effectively to ensure expenses and disbursements were business-related and allowed by law.

Safety & Permits City Employee Inspections	Planning	Ongoing
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**Summary of Objectives:** To determine if City employees performed on-site inspections at various locations.

### Footnotes:

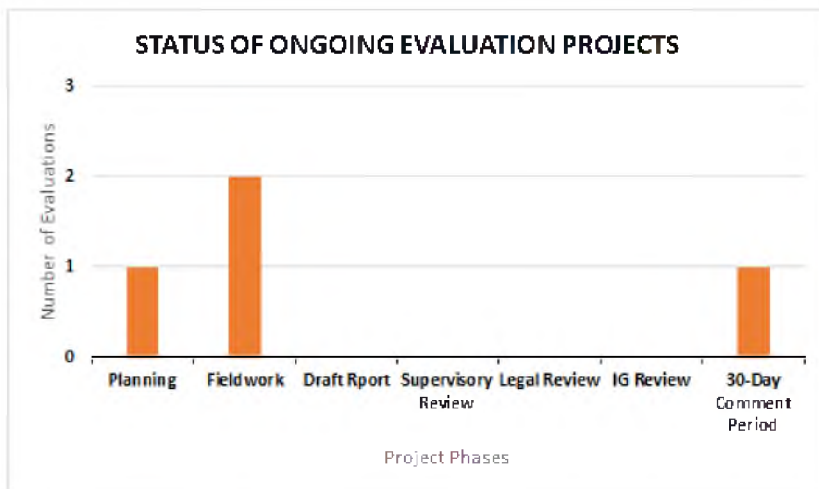
1 - Project phase determination is based on the objective(s), scope, and methodology for each project. It is not determined by a standard set of hours and/or phase deadline.

2 - The completion date may be re-evaluated if necessary.

# INSPECTIONS & EVALUATIONS DIVISION

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The Inspections and Evaluations Division works to increase the efficiency, effectiveness, transparency, and accountability of City programs, agencies, and operations. Evaluators conduct independent, objective, empirically based and methodically sound inspections, evaluations, and performance reviews.



The Inspections & Evaluations Division has the following four projects in process:

- Firefighters' Pension Fund Governance
- Competitive Bidding & Selection Processes
- Job Order Contracts
- NOLA 311 Potholes

## Project Phase Descriptions:

**Planning** - includes background research, data gathering, initial interviews, and/or internal controls assessment

**Fieldwork** - includes data and statistical analyses, interviews, testing of procedures, onsite observations, and/or physical inspections

**Draft Report** - includes data and statistical reviews, documenting fieldwork results, initial report writing, revisions and internal Quality Assurance Review (QAR) prior to supervisory review.

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**30-Day Comment Period** - 30-day deadline for the department to review the draft report and submit management responses for inclusion in the final report.

# MEASURING PROGRESS

## INSPECTIONS AND EVALUATIONS DIVISION

The following information provides a summary of the Inspections and Evaluations Division's project phase and a summary of the each project's objectives.

Project Name	Project Phase <sup>1</sup>	Anticipated <sup>2</sup> Completion Date
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Firefighters' Pension Fund Governance	Fieldwork	12/31/2021
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**Summary of Objectives:** To determine if the Firefighters' Pension Fund investment policies and practices are consistent with authoritative sources and best practices, and adequately consider risks.

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Job Order Contracts (JOC)	30-Day Comment Period	10/31/2021
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**Summary of Objectives:** To determine if the department was utilizing the JOC process efficiently and effectively, according to city policies and state laws as well as implementing adequate internal and external controls in place to safeguard the procurement process.

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Competitive Bidding and Selection Process	Fieldwork	11/30/2021
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**Summary of Objectives:** To determine if the City's procurement practices encourage sufficient competition among potential contractors.

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NOLA 311 Potholes	Planning	12/31/2021
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**Summary of Objectives:** To determine if the City properly and timely triages and resolves complaints received for the reporting of potholes on streets throughout the community.

**Footnotes:**

1 - Project phase determination is based on the objective(s), scope, and methodology for each project. It is not determined by a standard set of hours and/or phase deadline.

2 - The completion date may be re-evaluated if necessary.

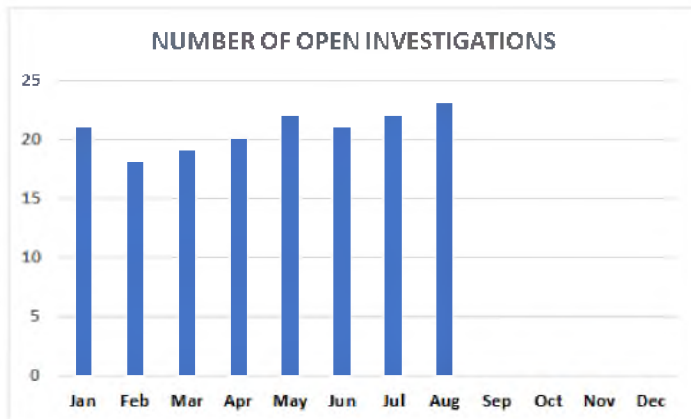
# INVESTIGATIONS DIVISION

## ADMINISTRATIVE INVESTIGATIONS (AUGUST HIGHLIGHTS)

- Requested and received a spreadsheet from New Orleans Assessor's Office regarding a list of properties with Age Freeze Designation
- Issued a Request for Documents to the Equipment Maintenance Division (EMD) concerning vehicle registration records

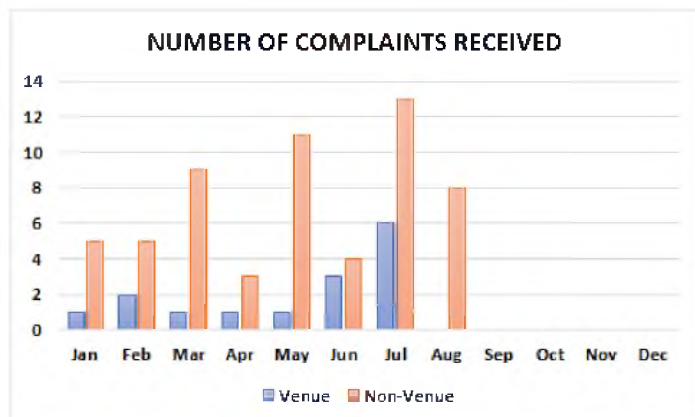
## CRIMINAL INVESTIGATIONS (AUGUST HIGHLIGHTS)

- Issued three Reports of Investigation (ROI) concerning former City Building Inspectors who failed to conduct onsite inspections of cement pours as required by the City of New Orleans Safety and Permits Department prior to the collapse of the building under construction located at 1031 Canal Street, New Orleans, LA, known as the Hard Rock Hotel
- On August 11, 2021, Brian Medus, City of New Orleans Assistant Chief Mechanical Inspector pled guilty to Using an Interstate Facility with Intent to Carry on Unlawful Activity. According to Court documents, Medus solicited and accepted bribe money from James Mohamad, the Director of the Department of Inspection and Code Enforcement for the City of Kenner, in return for the issuance of fraudulent permits for Mohamad's HVAC jobs.



Venue: Matters that the OIG has the jurisdiction to investigate

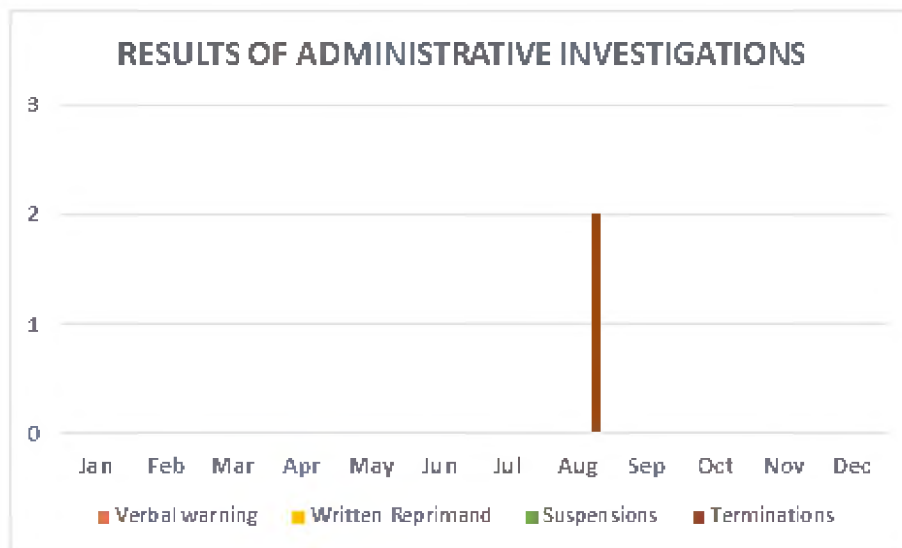
Non-Venue: Matters outside of the OIG's jurisdiction



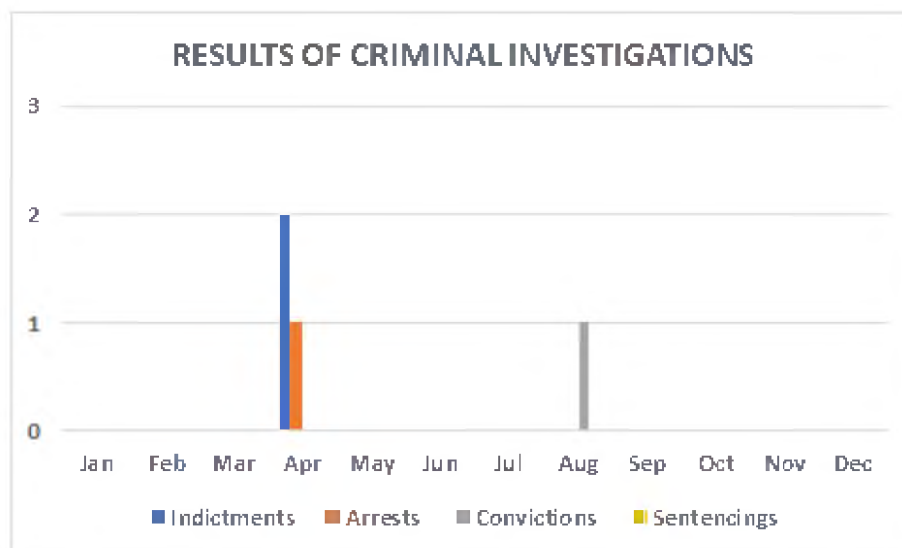
# MEASURING PROGRESS

## INVESTIGATIONS DIVISION

The Investigations Division conducts criminal and administrative investigations involving City of New Orleans employees, contractors, and vendors that receive City funds. Investigators also work with local, state, and federal partners to conduct joint investigations. The Investigations Division is also available to provide fraud awareness training to City employees and to engage in other outreach programs with businesses and citizens.



In August 2021, Brian Medus and another Safety and Permits employee were terminated.



In August 2021, one Safety and Permits employee, Brian Medus was convicted.



# 2021 BUDGET

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<b>Funding:</b>	<b>\$3,484,529</b>
Expenditures:	Amount
Personnel	\$2,149,658
Operating	\$667,419
Total Expenditures	\$2,817,077
<b>Fund Balance</b>	<b>\$667,452</b>

\* Due to Hurricane Ida, the City's BRASS Procurement system was not operational. The OIG will provide an updated list of expenditures in its September 2021 monthly report.

# OIG IN THE NEWS

## Collaboration with External Partners



### Department of Justice

*United States Attorney's Office*

**Eastern District of Louisiana**

FOR IMMEDIATE RELEASE

WEDNESDAY, AUGUST 11, 2021

[WWW.USDOJ.GOV/USAO/LAE](http://WWW.USDOJ.GOV/USAO/LAE)

TWITTER: @EDLANEWS

CONTACT: SHANE M. JONES

PHONE: (504) 680-3111

FAX: (504) 589-4978

#### **CITY OF NEW ORLEANS ASSISTANT CHIEF MECHANICAL INSPECTOR PLEADS GUILTY TO USING AN INTERSTATE FACILITY WITH INTENT TO CARRY ON UNLAWFUL ACTIVITY**

**NEW ORLEANS, LA** – The U.S. Attorney's Office announced today that **BRIAN MEDUS**, 44, of Covington, pleaded guilty as charged to violating Title 18, United States Code, Sections 371 and 1952(a)(3), conspiracy to use an interstate facility with intent to carry on unlawful activity.

According to Court documents, **MEDUS**, the Assistant Chief Mechanical Inspector for the City of New Orleans, Safety and Permits Department, solicited and accepted bribe money from James Mohamad, the Director of the Department of Inspection and Code Enforcement for the City of Kenner, in return for the issuance of fraudulent permits for Mohamad's HVAC jobs. Throughout the course of the conspiracy, Mohamad paid **MEDUS** and others approximately \$93,000 to further the bribery scheme. **MEDUS** utilized cell phones and the City of New Orleans' internet-based LAMA system, facilities of interstate commerce, to further the scheme. LAMA is the City of New Orleans system for tracking code enforcement and permitting actions.

**MEDUS** faces a maximum term of imprisonment of five (5) years, a fine of not more than \$250,000, a maximum of three years supervised release following any term of imprisonment, and a mandatory \$100 special assessment fee. Sentencing is scheduled for November 17, 2021.

"The FBI is committed to aggressively pursuing those who violate the trust placed in them by the public and holding them accountable for their actions. Today's guilty plea sends a clear message that individuals like Mr. Medus who engaged in a bribery scheme, will be held responsible," said Douglas A. Williams, Jr. FBI New Orleans Special Agent in Charge. "I would like to thank the City of New Orleans Office of the Inspector General, the Metropolitan Crime Commission, and the U.S. Attorney's Office for their partnerships in helping the FBI disrupt public corruption in Louisiana."

Ed Michel, Interim Inspector General, City of New Orleans, stated "The New Orleans OIG will continue to ensure employees who utilize their public office for personal gain are held accountable for their actions."

The United States Attorney's Office, Eastern District of Louisiana, stated that "Public trust in government institutions is essential for a healthy, functioning government. Any felonious

# OIG ON SOCIAL MEDIA



New Orleans OIG  
@NOLAOIG

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The New Orleans OIG released a 240 page report including 31 exhibits to the Orleans District Attorney recommending felony charges against a former City employee in connection with the Hard Rock construction site.



EDWARD MICHEL  
INTERIM INSPECTOR GENERAL

July 28, 2021

Honorable Jason Williams  
Orleans Parish District Attorney  
619 South White Street  
New Orleans LA 70119

Re: Hard Rock Building Collapse, 1031 Canal Street,  
New Orleans, LA, October 12, 2019



New Orleans OIG @NOLAOIG - Aug 5

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The New Orleans OIG furnished additional reports to the Orleans District Attorney suggesting felony charges be filed against two more former City employees for their actions in connection with the Hard Rock construction site.



EDWARD MICHEL  
INTERIM INSPECTOR GENERAL

August 4, 2021

Honorable Jason Williams  
Orleans Parish District Attorney  
619 South White Street  
New Orleans LA 70119

Re: Hard Rock Building Collapse, 1031 Canal Street,  
New Orleans, LA, October 12, 2019

Dear Mr. Williams,

On October 12, 2019, there was a catastrophic collapse of a building under construction at 1031 Canal Street, New Orleans, LA known as the Hard Rock Hotel. During the collapse, three individuals perished and dozens of other individuals were injured. The Office of Inspector General ("OIG") has investigated



# OIG ON SOCIAL MEDIA



New Orleans OIG @NOLAOIG · Aug 3

"Public employees who use their office for personal gain will be held accountable for their actions." Ed Michel

City of New Orleans Assistant Chief Mechanical Inspector Charged with Use of An Interstate Facility with Intent to Carry on Unlawful Activity



City of Kenner Director of Inspection and Code Enforcement and City

[justice.gov](https://www.justice.gov)



New Orleans OIG @NOLAOIG · Aug 19

The OIG released the Sewerage and Water Board Internal Audit Department Performance Follow-Up report today. Go to [nola.oig.gov](https://nola.oig.gov) to view all OIG reports.

Sewerage & Water Board of New Orleans

**Internal Audit Department  
Performance Follow-up Audit**

Final Report • August 19, 2021

# OIG ON SOCIAL MEDIA

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New Orleans OIG @NOLA0IG · Aug 11

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Louisiana Fourth Circuit Court of Appeals Reaffirms Jurisdiction of the New Orleans Office of Inspector General.

The graphic is a white rectangular box with a thin border. At the top left is the OIG logo. To its right is the text "NEW ORLEANS OFFICE OF INSPECTOR GENERAL". At the top right is the name "EDWARD MICHEL" and "INTERIM INSPECTOR GENERAL". Below the logo is the text "FOR IMMEDIATE RELEASE" and "MEDIA CONTACT: Ana Reyna". To the right of this is the date "August 6, 2021" and "Phone Number: 504-681-3206". The main title is "Fourth Circuit Court reaffirms Office of Inspector General jurisdiction". The body text reads: "NEW ORLEANS, Louisiana – The Louisiana Fourth Circuit Court of Appeal affirmed the Office of Inspector General ("OIG") has the statutory authority to investigate and audit the Orleans Parish Communication District ("OPCD"). This decision solidified the initial ruling made by the Civil District Court."

**OIG** NEW ORLEANS OFFICE OF INSPECTOR GENERAL

EDWARD MICHEL  
INTERIM INSPECTOR GENERAL

FOR IMMEDIATE RELEASE  
MEDIA CONTACT: Ana Reyna

August 6, 2021  
Phone Number: 504-681-3206

**Fourth Circuit Court reaffirms Office of Inspector General jurisdiction**

NEW ORLEANS, Louisiana – The Louisiana Fourth Circuit Court of Appeal affirmed the Office of Inspector General ("OIG") has the statutory authority to investigate and audit the Orleans Parish Communication District ("OPCD"). This decision solidified the initial ruling made by the Civil District Court.

*"This ruling clearly established the OIG's authority, which enables our office to review all City entities receiving appropriated funds to ensure the prevention and detection of fraud, waste, and abuse and to protect the citizens of New Orleans"*

*- Edward Michel, Interim Inspector General*

# OIG COMMUNITY ENGAGEMENT

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New Orleans OIG  
@NOLAOIG



It was an honor to speak with the New Orleans Rotary Club today about the initiatives of the OIG. Special thanks to Peter Waring and Penny Menge.

