

Fiscal Year 2009 Audit and Inspection Plans



Leonard Odom
Interim Inspector General

CITY OF NEW ORLEANS

OFFICE OF INSPECTOR GENERAL

525 St. Charles Avenue
New Orleans, La 70130-3409
504-681-3200



February 17, 2009

The Honorable C. Ray Nagin
Mayor, City of New Orleans
1300 Perdido Street
New Orleans, LA 70112

The Honorable Jacquelyn Brechtel Clarkson
President, New Orleans City Council
1300 Perdido Street
New Orleans, LA 70112

The Honorable Kevin Wm. Wildes, S.J., PhD
Chair, New Orleans, Ethics Review Board
6363 St. Charles Avenue
New Orleans, LA 70118

RE: Office of Inspector General Fiscal Year 2009 Audit and Inspection Plans

Dear Mayor Nagin, President Clarkson and Chair Wildes:

This letter transmits the Office of Inspector General's (OIG) *Fiscal Year 2009 Audit and Inspection Plans* (Plans). For your convenience we have incorporated our strategy for inspections into the Plan.

The Plans contains audits and inspections that are discretionary, required by law, or identified by District leaders, managers, and other stakeholders. Specifically, our Plans provides for conducting reviews that are designed to assess the results of various budgeted programs, which includes the economy and efficiency of actions taken to attain those results. The Plans includes the OIG initiatives for audit and inspection coverage that will focus on areas that present risks to maintaining the City's fiscal integrity and continued financial strength.

In formulating the Plans, we identified agencies and programs considered material in terms of service delivery and fiscal impact. Additionally, we considered risk factors, which include the following:

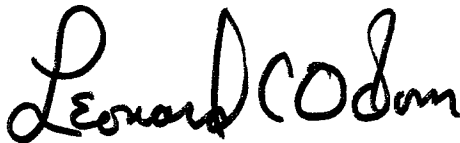
- A. material internal control weakness;
- B. potential fraud, other criminal acts, or improper practices;
- C. substantial violations of program directives or poor management practices that could seriously affect program accomplishment;
- D. major inefficiencies in the use of resources or management of operations;
and
- E. significant program performance issues.

The OIG will play a role in assisting City management in addressing areas of risk.

The reality of having limited resources and unknown priorities arising from unexpected issues throughout the year will determine how many audits or inspections we may initiate and complete. City managers may use this Plan to begin actions to improve operational efficiencies before our audits or inspections.

If you have any questions or desire additional information, please contact Neely Moody, Interim First Assistant Inspector General for Audit and Review or Janet Werkman, First Assistant Inspector General for Legal Affairs and Inspections; or me at (504) 681-3200.

Sincerely,



Leonard C. Odom
Interim Inspector General

LCO/lco

City of New Orleans
Office of Inspector General

Audit and Review Annual Audit Plan 2008 - 2009



Neely Moody
First Assistant Inspector
General for Audit and
Review

Jerry Carlisle
Chief of Audit
and Review

INTRODUCTION: The Office of the Inspector General in developing its 2008-2009 Annual Audit Plan considered information gleaned from discussions with and the dynamic insights of city officials, review of various forms of local media, and conversations with a host of citizens of New Orleans. In drafting this plan, our goal was to ensure that we can continue to help the City address the many challenges that will rise over the next few years. An audit, as we know, examines the economy and efficiency of city programs and operations, including program results, compliance with applicable laws and regulations, and fair presentation of financial stewardship. In this instance we have identified areas that will further enhance the city's leadership's ability to effectively and efficiently manage the city's limited resources. The OIG's audit will assist the City in determining how best the City can use its resources and gauge its success over the next few years. During preparation of the Annual Audit Plan for 2010, we will formally reach out to the City's stakeholders for their input for our consideration as they are critical contributors to the City's success. All of our audits will be conducted in accordance with Government Auditing Standards published by the U. S. Government Accounting Office and the Principles and Standards for Offices of Inspector General ("Green book").

City of New Orleans
Office of Inspector General
Annual Audit Plan 2008 – 2009

No. 1 Chief Administrative Officer Status: Interim Report Issued

Title: Management of the Administrative Vehicle Fleet

Objective: The objective of this evaluation was to obtain and evaluate information about the size and operational cost of the Administrative Fleet (defined as those departments whose responsibility for the vehicle fleet management has been delegated to the Chief Administrative Officer of the City) of passenger type vehicles and to inquire into the efficiency and effectiveness of the management of the fleet including testing selected departments for compliance with statute, ordinance, policy and best practices and to highlight any vulnerabilities that could lead to fraud, waste, or abuse.

Background: The size and cost of operating the City's fleet of vehicles has been a topic of the city's concern and has been the subject of City ordinances. The most recent of these is a November 2007 resolution by the City Council that argued for development of a shared vehicle use policy. The resolution stated that the City spent over \$9 million on fuel and maintenance in 2007. Additionally, the OIG has maintained an expressed interest in this matter since establishment of the OIG office.

No. 2 New Orleans Police Department (NOPD) Status: In-progress

Title: Management of the NOPD Vehicle Fleet

Objective: The objective of our evaluation was to obtain and evaluate information about the size and operational cost of the fleet of passenger type

vehicles under control of the NOPD and to inquire into the efficiency and effectiveness of the management of the fleet including testing for compliance with statute, ordinance, policy and best practices.

Background: The size and cost of operating the City's fleet of vehicles has been of concern and has been the subject of City ordinances. The most recent of these is a November 2007 resolution by the City Council that argued for development of a shared vehicle use policy. The resolution stated that the City spent over \$9 million on fuel and maintenance in 2007. The NOPD vehicle fleet is larger than the aforementioned Administrative Fleet referenced in No. 1 above. This project further underscores a similar matter articulated in No. 1 above.

No. 3 New Orleans Aviation Board Status: In-progress

Title: Management of the Aviation Board Vehicle Fleet

Objective: The objective of our evaluation was to obtain and evaluate information about the size and operational cost of the fleet of passenger type vehicles under control of the New Orleans Aviation Board and to inquire into the efficiency and effectiveness of the management of the fleet including testing for compliance with statute, ordinance, policy and best practices.

Background: The size and cost of operating the City's fleet of vehicles has been of concern and has been the subject of City ordinances. Consistent with other projects of similar scope and objective, this evaluation was deemed pertinent to the overall vehicle fleet management and demonstrates the inclusiveness of other similar projects.

Item No. 4 Orleans Parish Criminal Sheriff Status: In-progress

Title: Management of the Criminal Sheriff Vehicle Fleet

Objective: The objective of our evaluation was to obtain and evaluate information about the size and operational cost of the fleet of passenger type vehicles under control of the Orleans Parish Criminal Sheriff and to inquire into the efficiency and effectiveness of the management of the fleet including testing for compliance with statute, ordinance, policy and best practices.

Background: The size and cost of operating the City’s fleet of vehicles has been an ongoing concern and has been the subject of City ordinances. This project will effectively communicate the outcome of the Criminal Sheriff’s management of its vehicle fleet and provide opportunity to improve efficiency. This project is linked to the issues highlighted in item No. 1.

Item No. 5 Orleans Parish Civil Sheriff Status: In-progress

Title: Management of the Civil Sheriff Vehicle Fleet

Objective: The objective of our evaluation was to obtain and evaluate information about the size and operational cost of the fleet of passenger type vehicles under control of the Orleans Parish Civil Sheriff and to inquire into the efficiency and effectiveness of the management of the fleet including testing for compliance with statute, ordinance, policy and best practices.

Background: The size and cost of operating the City’s fleet of vehicles has been of concern and has been the subject of City ordinances. As demonstrated in items above, this matter will address similar issues in order to further increase management awareness and enhance vehicle fleet service and utilization.

No. 6 Sewerage and Water Board

Status: In-progress

Title: Management of the Sewerage and Water Board Vehicle Fleet

Objective: The objective of our evaluation was to obtain and evaluate information about the size and operational cost of the fleet of passenger type vehicles under control of the Sewerage and Water Board and to inquire into the efficiency and effectiveness of the management of the fleet including testing for compliance with statute, ordinance, policy and best practices.

Background: The size and cost of operating the City's fleet of vehicles has been of concern and has been the subject of City ordinances. This project will provide timely and reliable information that will further support the effective functioning of the Water Board's vehicle fleet. This project also is consistent with the project outlined in No. 1 above.

No. 7 New Orleans Sanitation Department

Status: In-progress

Title: Compliance Review of the City's Major Sanitation Contracts

Objective: The objective of this performance and compliance audit is to evaluate the City's approval and monitoring process of three contracts entered into by the City and SDT Waste and Debris Services, L.L.C., Richards Disposal, Inc. and Metro Disposal, Inc., and to determine each of the 3 contractor's compliance with the terms of its contract with the City. This field work for this audit will take place at both City and contractor office sites.

Background: The management and cost of the City's major sanitation contracts have been a major source of disagreement between the City Council and the City Administration since late in 2006 and subsequent to the time the contracts began in January 2007. The costs of these contracts total over \$31 million annually. The OIG deemed this as a critical matter for evaluation primarily because it will provide an independent assessment of contract

management and performance. Also, this project will strategically identify potential cost-savings of valuable City resources.

No. 8 New Orleans Finance Department Status: Under Review

Title: Review and Approval Process over Expense Reports

Objective: The objective of this performance and compliance audit is to evaluate the City's internal controls, risk management and governance processes to determine whether the City of New Orleans Departments are reviewing and monitoring expense reimbursements in accordance with established policies and procedures.

Background: Approvals and requests for reimbursements, or lack of such, are often indicators of the City's governance of its resources ("Tone at the Top" culture). This audit may warrant further review/audit into other areas of a similar nature. Also, this project will highlight potential vulnerabilities for fraud, waste, and abuse.

City of New Orleans
Office of Inspector General

Inspections and Evaluations Annual Plan 2008 - 2009



Janet Werkman
First Assistant Inspector
General for Legal Affairs

David Westerling
Supervisory Forensic
Engineer (P.E.MA)

City of New Orleans Office of the Inspector General

Inspections and Evaluations Division

INTRODUCTION: The City of New Orleans Office of Inspector General has responsibilities that go beyond audit and investigations. This additional work, conducted by the Inspections and Evaluations (I&E), includes inspecting, evaluating, reviewing, studying, and/or analyzing government operations and programs for the purposes of providing information for decision-making and of making recommendations to improve programs, policies, and procedures. I& E will provide City management with objective, thorough, and timely inspections and evaluations with recommendations in well written reports. The objectives of the reports include providing a source of factual and analytical information, improving government accountability, and promoting the interests of the taxpayers of the City of New Orleans. The inspections and evaluations will be conducted in accordance with the Principles and Standards for Offices of Inspector General (Green Book).

City of New Orleans

Office of the Inspector General

Annual Inspections and Evaluations (I&E) Plan 2008-2009

No. 1

Status: Report Pending

Title: Installation of Crime Surveillance Cameras, 2003-2008,

OIG-I&E 09001

Objectives: (1) obtain information about procurement and project management procedures and (2) evaluate compliance with applicable legal requirements, policies, and prudent management practices.

Background: The City of New Orleans Office of Inspector General (OIG) conducted a review of a project to deploy a system of neighborhood surveillance cameras throughout the City to help the police in their battle against crime. The OIG initiated this review in July of 2008 after receiving a request from the Metropolitan Crime Commission raising concerns about this project. The work was performed in accordance with Principals and Standards for Offices of Inspector General for Inspections, Evaluations, and Reviews.

No. 2

Status: In –progress

Title: City of New Orleans Budget Process

Objective: To conduct a review of the City's current budget policies and practices and to develop recommendations based upon recognized and accepted best practices for improving the effectiveness of the budget process. A review of the City's current budget process will be presented.

Background: The budget process for the 2009 budget was conducted throughout the calendar year 2008. Towards the end of 2008, many of the budget requests were not adequately supported. The budget process slowed towards the end of the year and the adoption of the budget was delayed. The New Orleans City Council requested that the NOLA-OIG provide a comprehensive review of the budget process and make recommendations.

No. 3

Status: In-progress

Title: Professional Services Contracts

Objective: To conduct a study of the City's current policies and practices and develop recommendations for procurement of professional service contractors.

Recommendations will improve transparency, accountability and help ensure that taxpayers receive the benefit of full and fair competition for public contracts.

Background: During 2008 questions arose about the transparency of professional service selections. The

procedures in place do not comply with the state's open meeting law.

No. 4

Status: Planning

Title Road and Street Asset Management

Objective: Review of the City's program for street repairs and repaving and make appropriate recommendations to improve planning and project management.

Background: Historic flood events and other environmental factors have caused poor roadway travel conditions and have raised public concern about the safety of the City's roads and streets. Planned under-street improvements to utilities make pavement improvement projects difficult to schedule. The review will include recent projects, projects in progress and plans for future work. Recommendations will be based on established asset management guides by the Government Accounting Standards Bureau (GASB), State and Federal guidelines for pavement management and other related best practices.