



OFFICE OF INSPECTOR GENERAL
City of New Orleans

STRATEGIC PLAN
2011-2014

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I. INTRODUCTION

This Strategic Plan of the City of New Orleans Office of Inspector General (NOLA OIG) covers the period 2011-2014 and will be updated each year as the plan for the next fiscal year is created.

Strategic planning aims to identify missions and goals, and to develop priorities and strategies to accomplish missions and goals within limited resources. Strategic planning is a cyclical process that assesses performance and reconsiders operational methods and work plans in order to obtain desired results in a changing environment.

The purpose of this plan is to define the future direction of NOLA OIG activities. It sets forth the OIG mission, the risk assessments that determine OIG priorities, and strategies for accomplishing its goals within resource constraints. The strategic plan is a means to ensure that resources remain focused on the most important issues and to guide future resource decisions.

Missions of the Office of Inspector General

The missions of the City of New Orleans OIG are: to prevent and detect fraud, waste, and abuse; and to promote efficiency and effectiveness in the operations administered or funded by the City. The NOLA OIG finds facts and reports them independently.

The establishing ordinance, City Code §2-1120, creates a unique status in that the Inspector General, although under the general supervision of the Ethics Review Board, operates independently of the Board and the City's Executive and Legislative branches. The Office of Inspector General essentially reports to the public through periodic reports of its findings. The primary customers of the NOLA OIG are the Executive and Legislative branches of City government. However, its ultimate customers are the citizens and businesses who receive City services and pay City taxes.

II. RISK ASSESSMENT

The purpose of this assessment is to guide the OIG in its selection of projects and priorities for future work. It is neither a definitive analysis nor a balanced assessment. It is simply a listing of the concerns that guide OIG planning. These concerns originate from various sources, including prior OIG work. The CAO and City Council also were asked for their opinion of topics and areas for OIG review.

ENVIRONMENT

The risk assessment must take into account three developments since the previous plan was issued: a new administration took office, the disclosure of lavish spending at the New Orleans Public Belt Railroad, and the \$1.8 billion FEMA award for the re-building of New Orleans' schools.

New Administration

A new administration took office in May 2010 pledging reform. To its credit, it adopted a procurement policy for professional services contracts that as much as possible removed elected officials from contract awards. The administration also announced its intent to provide Invitations for Bid (IFBs) and Requests for Proposals (RFPs) to the OIG for review and comment before issuance. The OIG has reviewed and provided comments on a number of these; however, the process is not completely implemented.

The new administration announced it would review the recovery program and indeed produced a list of 100 projects that appear to be affordable in the aggregate, unlike the previous plan the OIG found unrealistic in its review of the MWH recovery management contract. The administration also announced its intent to re-design the DBE program and the approach to the widespread problem of blight. It also announced its intent to migrate the City's information systems to an enterprise solution that will link all key functions including the financial system.

The new administration appointed a police superintendent and asked for federal assistance in improving the police force. It also directed the NOPD to comply with the law and provide requested documents to the Police Monitor. The new superintendent has stated his intent to cooperate fully with the Independent Police Monitor, and his openness with respect to oversight is thus far encouraging. In another positive move, he declared his intent to bring the administration of off-duty details into the NOPD and thereby reduce potential corruption.

The new administration inherited a financial entity in ruin and a government without the procedures and records expected of any organization. It inherited a workforce that lacked the capacity to operate the government because of over-reliance on contractors by the previous administration. It inherited a Civil Service that is widely-perceived as unable to recruit and retain qualified workers. It inherited a City with financial controls that were the subject of 24

pages of deficiencies from its external auditor. The City's information systems are not worthy of the name and consist of cobbled-together obsolete technology. These deficiencies, long in the making, make for a worst-case environment for any new administration.

Waste and Abuse Revealed

Recent revelations about the New Orleans Public Belt Railroad Commission and the manner in which it treated public assets caused great public concern. Although it operates with fees from railroads, it is a public entity doing public business on public land. Enterprise funds are intended to operate at break-even in the long run, stowing away funds in good times to cover losses in bad times. All such entities have a responsibility to be good stewards of the public's money, and that apparently was not the case at the Public Belt Railroad.

The revelations raise the question of how similar satellites of city government -- agencies, boards, commissions, and enterprise funds -- manage public assets. Accordingly, the OIG will begin to review these satellite organizations. All of them will be reviewed eventually, many during the term of this plan.

School Reconstruction

The \$1.8 billion FEMA grant is based on a master plan developed jointly by the Orleans Parish School Board (OPSB) and the Recovery Schools District (RSD). The rebuilding of 80 plus schools over 8-10 years presents a major project management challenge to the school authorities. It also presents an oversight challenge that is beyond the capacity of the New Orleans OIG. The NOLA OIG will provide oversight of OPSB construction through a series of in-progress audits. Although the City and its citizens have an enormous stake in the schools for which the RSD is responsible, the appropriation for the New Orleans OIG does not allow sufficient resources to provide inspector general oversight of this portion of the construction program.

PUBLIC CONCERNS

Crime

The causes of violent crime are many and complex and the problem is national in scope. However, New Orleans still ranks among the nation's most violent cities.

This reality hinders economic development and affects the populace's sense of safety and security. Surveys have repeatedly shown that citizens consider it the City's top problem. The very existence of private police patrol programs is testimony to the public's lack of confidence in the NOPD to protect them.

Public Corruption

The problem of corrupt public officials is not unique to New Orleans. However, since Katrina, a New Orleans City Councilman and the School Board President each pled guilty to receiving bribes, and a Sewerage and Water Board member pled guilty to public corruption charges and was sentenced to a 23-year term in connection with S&WB contracts. The New Orleans Housing Authority's Section 8 voucher chief pleaded guilty to theft for using a section 8 voucher for himself, despite receiving a six-figure salary. The City's former Chief of Technology is currently under indictment for steering contracts to cronies, and other indictments implicate a former Council Member and Tax Assessor.

Public corruption drives away legitimate businesses, steals from the taxpayers, lowers standards, risks public safety, demoralizes civic workers and denies services to those who are usually the most vulnerable citizens.

CITY GOVERNMENT

The risk assessment considers the universe of City programs and operations, and uses the following criteria in order of priority: (1) public safety or public health risk; (2) dollars of potential revenue and probability of production; (2b) potential cost reductions, dollars of outlays and weakness of controls; (3a) concerns expressed by City officials; and, (3b) sources of widespread public concern. The issues listed below represent the greatest concerns to the NOLA OIG.

Public Safety Risks

- ⇒ The New Orleans Police Department's relationship with the citizenry may be adversely affected by police misconduct.
- ⇒ Police off-duty details may have a corrupting influence on the NOPD's officers.
- ⇒ Police overtime claims may be overstated.
- ⇒ The City's health and building codes may not be enforced adequately.

Potential Revenue Risks

- ⇒ Property Tax assessments may result in underpayment of taxes.
- ⇒ The City may not collect all taxes due.
- ⇒ The City may have non-performing assets that should either be actively maintained or sold.

Potential Cost Reduction Risks

- ⇒ The financial management system does not allow City managers to track revenues and expenditures on a timely basis, thereby precluding effective management.
- ⇒ The City's Professional Services Contracts may lack sufficient protections against fraud and poor performance.
- ⇒ City contracts posing a high risk of fraud and/or waste are those that:
 - (1) have not been subject to competition for more than 5 years;
 - (2) have had numerous change orders or change beyond the original contract scope;
 - (3) drew a limited number of bids or that were sole-sourced; or,
 - (4) otherwise give the appearance of a conflict of interest.
- ⇒ The City's pension plans may not be affordable.
- ⇒ The recovery program may waste resources.

Public Concern Risks

- ⇒ Disadvantaged Business Enterprise sourcing programs are ineffective.
- ⇒ Blight continues to exist on a large scale and in most areas of the City.
- ⇒ City streets largely remain in poor condition despite some repairs.
- ⇒ The mission and operations of the NOLA OIG are not well understood by the public.

III. STRATEGIES

The OIG strategy to prevent and detect fraud and abuse in City operations and entities is:

- (1) To conduct Fraud Awareness seminars with City employees and contractors;
- (2) To conduct computer-based analyses to identify potential fraud indicators;
- (3) To screen new procurements exceeding \$25,000 in value;
- (4) To monitor high-risk City contracts; and,
- (5) To conduct investigations into allegations or indications of fraud and abuse, and to refer credible evidence of fraud or abuse to prosecutors and City officials, as appropriate.

The OIG strategy to promote efficiency and effectiveness is to review those areas of City operations or programs that may offer opportunities to improve public safety, to increase City revenues, to reduce City expenditures, to bring about fairness for all citizens, and to address widespread public concerns.

The OIG will not devote resources to programs and systems that the administration plans to re-design. The NOPD will receive major attention in 2011, as will the sales tax collection function. The OIG will undertake a 4-year program to review many of the boards, commissions, authorities, and enterprise funds that constitute the satellites of City government. The reviews will consider the entity's use of funds, governance, and the rationale for their creation in their current form.

IV. RISK MITIGATION ACTIVITIES

The projects listed in this section are intended to mitigate the risks shown above. Those scheduled for 2011 have the highest priority. The schedule of OIG activities will be reviewed and modified as circumstances warrant. The OIG also will conduct other, un-programmed activities.¹

The OIG completed the following projects by August 2010:

- 1) A letter to the previous Chief Administrative Officer regarding the Sanitation Director's travel and expenses
- 2) Audit of Sanitation Oversight;
- 3) A letter to the new mayor on policy for professional services contracts;
- 4) A letter to the new mayor on DBE program observations;
- 5) A letter to the new mayor and a request for access to NOPD records that were provided expeditiously;
- 6) A letter to the previous mayor reported waste in the City's failure to award a contract for ankle bracelet monitoring to the low bidder;
- 7) Reviews of professional services contracts with MWH Americas, TDC, and DRC;
- 8) An investigation into allegations involving police motorcycle escorts did not substantiate criminal allegations, but provided recommendations for the permit process;
- 9) A review of Travel Policies provided 93 recommendations to the City; and,
- 10) A consulting project aided the NOPD in developing its survey of crime victims and assured its statistical reliability.

The following projects were underway or in planning at the time of this report:

- 1) Audit of the Orleans Parish Prison invoices for City prisoners.
- 2) Audit of the Municipal Court remittances to the City.
- 3) Audit of Hotel Taxes.
- 4) Evaluation of Pre-trial Detention policies for non-violent misdemeanors, traffic attachments, and other municipal offenses.
- 5) Audit of Katrina-related Donations to the City.
- 6) Audit of Urban Development Action Grant Funds.
- 7) Review of Internal Controls – Payroll.
- 8) Review of Internal Controls – Fixed Assets.
- 9) Review of Internal Controls – Payables.

¹ The OIG responds as appropriate to developments that occur during the life of the plan.

2011 OIG ACTIVITIES

Program Evaluation Activities

- Benchmarking Pension Fund Investment Performance
- Evaluation of the City's Procurement Function
- Evaluation of Safety & Permits and Code Enforcement
- Evaluation of Recovery Project Management
- Evaluation of police off-duty details
- Review of satellites of city government (unannounced)
- Follow-up on prior reviews

Audit Activities

- Audit Sewerage & Water Board Collections and Remittances to the City
- Audit Sales Tax Compliance (30)
- Audit of Orleans Parish School Board
- Audit Police Overtime
- Audit of payroll liabilities
- Un-programmed Activities
- Audit of satellites of city government (unannounced)
- Follow-up on prior audits

Contract Oversight

- Screen new contract proposals to assess risk and offer comments.
- Monitor high-risk contracts, including conducting audits and/or inspections.

Counter Fraud

- Conduct Fraud Awareness seminars for City employees and contractors.
- Conduct counter-fraud analyses and related activities.
- Conduct investigations and refer evidence to appropriate prosecutors.

Legislative Review

- Review legislation and regulations, both pending and existing, and make recommendations relating to fraud and abuse, or efficiency and effectiveness, in City programs and operations.

Police Monitor

- Operate the Office of the Independent Police Monitor.

2012-2014 OIG REVIEWS

City Hall

- Property Tax Assessments
- Use of Bond Proceeds
- Management of Immovable Assets
- Financial Management
- Information Systems
- Tax Collection

Satellite Agencies

1. AIDS Planning Council, N.O. Regional
2. Alcoholic Beverage Control Bd.
3. Algiers Development District
4. Almonaster Michoud Industrial District
5. Arts Council of N.O.
6. Audubon Commission
7. Aviation Bd.
8. Bd. of Appeals for Airport Zoning
9. Bd. of Building Standards and Appeals
10. Bd. of City Trusts
11. Bd. of Comm. of the La. Stadium & Exposition District
12. Bd. of Comm. of the N.O. Exhibition Hall Authority
13. Bd. of Electrical Examiners
14. Bd. of Examiners of Operating Engineers
15. Bd. of Liquidation, City Debt
16. Bd. of Mechanical Examiners
17. Bd. of Trustees - Employees Retirement Sys. of N.O.
18. Bd. of Trustees of the Police Pension Fund
19. Bd. of Trustees - Firemen's Pension and Relief Fund
20. Bd. of Zoning Adjustments
21. Canal Street Development Corporation
22. CDB Historic District Landmarks Commission
23. City Planning Commission
24. Civil Service Commission
25. Community Access Corporation
26. Community Improvement Agency
27. Criminal Justice Council
28. Delgado-Albania Plantation Commission
29. Delta Region Preservation Commission
30. Downtown Development District
31. Economic Development Advisory Committee
32. Edward Wisner Donation Advisory Committee
33. Ethics Review Bd.
34. Fair Grounds Citizen Advisory Committee
35. Film and Video Commission
36. Finance Authority of N.O.
37. French Market Corporation
38. French Quarter Festival, Inc.
39. Historic District Landmarks Commission
40. Housing Authority of N.O.
41. Human Relations Commission
42. Industrial Development Bd.
43. Institute of Mental Hygiene
44. Lafitte Greenway Steering Advisory Committee
45. Louisiana Airport Authority
46. Louisiana Gaming Control Bd.
47. Metropolitan Human Service District
48. Millennium Port Authority
49. Mosquito Control Bd.
50. Municipal Yacht Harbor Management Corporation
51. Neighborhood Conservation District Committee
52. N.O. Access Television Bd.
53. N.O. Affordable Home Ownership, Inc.

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| 54. N.O. Building Corporation | 72. Orleans Parish Hospital Service District |
| 55. N.O. Center for Creative Arts/Riverfront Bd. of Directors | 73. Orleans Private Industry Council |
| 56. N.O. City Park Improvement Association | 74. Parkway and Park Commission |
| 57. N.O. Exhibition Hall Authority | 75. Piazza d'Italia Development Corporation |
| 58. N.O. Finance Authority | 76. Public Belt Railroad Commission |
| 59. N.O. International Building Corporation | 77. Public Library Bd. |
| 60. N.O. Metropolitan Youth Commission | 78. Regional Planning Commission |
| 61. N.O. Museum of Art | 79. Regional Transit Authority |
| 62. N.O. Music and Entertainment Commission | 80. Revenue Estimating Conference |
| 63. N.O. Neighborhood Housing Improvement Adv. Committee | 81. Rivergate Development Corporation |
| 64. N.O. Redevelopment Authority | 82. Sewerage & Water Bd. |
| 65. N.O. Regional Business Park | 83. Total Community Action |
| 66. N.O. Regional Loan Corporation | 84. Tremé Historical Development Corporation |
| 67. N.O. Research and Technology Advisory Committee | 85. Upper Pontalba Building Commission |
| 68. N.O. Technology Council | 86. Upper Pontalba Building Restoration Corporation |
| 69. N.O. Tourism Marketing Corporation | 87. Vieux Carré Commission |
| 70. Orleans Levee District | 88. Workforce Investment Bd. |
| 71. Orleans Parish Communication District | |

Contract Oversight

- Screen new contract proposals to assess risk level.
- Monitor high-risk contracts, including conducting audits and/or inspections.

Counter Fraud

- Conduct Fraud Awareness seminars for City employees and contractors.
- Conduct counter-fraud analyses and other activities.
- Conduct investigations and coordinate with appropriate prosecutors.

Legislative Review

- Review legislation and regulations, both pending and existing, and make recommendations relating to fraud and abuse, or efficiency and effectiveness, in City programs and operations.

Police Monitor

- Operate the Office of the Independent Police Monitor.

Public Outreach

- Conduct Outreach Program explaining the OIG mission and operations.

V. VISION AND GOALS

VISION

TO BE AN ORGANIZATION THAT SERVES ALL THE CITIZENS OF NEW ORLEANS – ONE THAT MAKES A POSITIVE DIFFERENCE IN THE INTEGRITY, EFFICIENCY, EFFECTIVENESS, AND FAIRNESS OF CITY GOVERNMENT.

The OIG vision is to serve its clients as constructive critic, helpful advisor, and positive change agent. While maintaining our independence, we intend to work in a cooperative fashion with others to improve governance of the City of New Orleans.

Our aim is to deter those who would defraud or abuse, and failing that, cause them to be held accountable for their misconduct. Similarly, we aim to make a material contribution to government efficiency and effectiveness -- to make a positive difference in the delivery of City services to the citizens.

GOALS

The OIG is an oversight organization and accomplishes its missions principally through audits, evaluations, investigations, and other fact-finding and reporting activities. OIG mission effectiveness is achieved by working towards the following goals:

- **RELEVANCE** Focusing OIG activities on the right issues at the right time
- **CREDIBILITY** Performing the work credibly
- **COMMUNICATION** Reporting the results of our work in a manner that achieves maximum impact and encourages expeditious action

We believe that these broad goals, if accomplished, represent the best performance possible by an OIG.

PERFORMANCE MEASURES

One or more sub-goals are presented for each goal, and performance measures and validation means are identified for each.

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)
- Planning process solicited the concerns of the City Administration and City Council members, and considers public concerns. (Y/N)
- Resources were assigned according to priorities based on a risk assessment. (Y/N)

Validation Means: Review of plans with the City Administration, City Council members, and community groups.

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

Performance Measures:

- Percentage of assignments completed by assigned deadline.
- Administration and City Council views of timeliness of OIG reports.

Validation Means:

- Internal review of assignments.
- Customer satisfaction surveys.

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.

Validation Means: Identification of exceptions (if any).

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.
- Percentage of staff meeting continuing professional education requirements.
- Percentage of audit and investigative staff with national certification.

Validation Means: Review of personnel and training records.

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.
- Percentage of draft findings sustained in final reports.

Validation Means:

- External Peer Review.
- Review of OIG reports.

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.
- Percentage of recommendations accepted.

Validation Means:

- Identification of exceptions.
- External Peer Review.
- Review of responses to recommendations.

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.

Validation Means:

- Identification of exceptions.
- External peer review.