



**OFFICE OF INSPECTOR GENERAL
City of New Orleans**

STRATEGIC PLAN

2012-2015

**E. R. Quatrevaux
Inspector General**

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I. INTRODUCTION

This Strategic Plan of the City of New Orleans Office of Inspector General (NOLA OIG) covers the period 2012-2015 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 deter 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 to the public through the Ethics Review Board.

The establishing ordinance creates a unique status in that the Office of Inspector General operates independently of the City's Executive and Legislative branches, and is encouraged to work cooperatively with the Ethics Review Board. 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 Administration

The Administration issued a policy memorandum (MJL 11-02) on cooperation with the Office of Inspector General, in which it instructed employees that cooperation with the OIG is Administration policy as well as a duty set forth in City ordinance. The Administration has demonstrated that cooperation in multiple investigations and has referred other matters to the OIG.

The U.S. Justice Department (DOJ) issued several reports highly critical of the NOPD, and termed its off-duty details an “aorta of corruption.” The Administration’s proposal to the DOJ called for an entirely new system that would end the financial relationship between police officers and the businesses that hire details. The most important benefit is the restoration of a chain of command which has been compromised by conflicts of interest. Additional benefits of the new system include visibility of total hours worked and payment of officers through the payroll system.

The Administration should be commended for its bold proposal, one that could transform the NOPD and permit it to become a respected police force -- which could not happen under the current policy. The proposed system’s effectiveness will depend most on whether it is implemented properly and maintained over time.

The City’s internal controls over aspects of the financial system remain weak. A series of internal control reviews have revealed deficiencies that could be exploited.

Crime

The causes of violent crime are complex and national in scope. Still, New Orleans ranks among the nation’s most violent cities.

This reality directly and adversely affects public safety, hinders economic development, and undermines the tourism industry on which the City relies heavily. Surveys have repeatedly

shown that citizens consider it the City's top problem, and the existence of private police patrol programs testifies to the public's lack of confidence in the NOPD to protect them.

Corruption

The problem of corrupt public officials is not unique to New Orleans. However, late last year the City's former Chief of Technology pleaded guilty to conspiracy to commit wire fraud and bribery. His successor later pleaded guilty to conspiracy to commit bribery, and the vendor who conspired with both was found guilty on 53 corruption counts.

A former City Council Member was found guilty of conspiring to violate the Racketeer Influenced and Corrupt Organizations statute for diverting public funds from activities meant to help the poor and disadvantaged. She also diverted cars donated to the City after Katrina to her personal use until public ire forced her to give them back.

A police captain was suspended for his role in illegal off-duty details. Other police officers pleaded or were found guilty in the death of Henry Glover and a cover up that included burning his body in a car on the river levee. Other police officers have pleaded guilty for their roles in the shooting of citizens on the Danziger Bridge and the cover up that involved planted evidence, fictitious witnesses and false reports. Eleven police officers pleaded or were found guilty for their actions in the wake of Hurricane Katrina.

The City's Director of Public Works has been dismissed; other City officials have been suspended pending the outcome of an investigation. The Chief of the Taxicab Bureau resigned in the midst of still another investigation.

Public corruption drives away legitimate businesses, steals from the taxpayers, lowers standards, puts public safety at risk, demoralizes civic workers and denies services to those who are usually the most vulnerable citizens. *In extremis*, corruption alienates citizens from their government to the detriment of all.

Satellites of City Government

City government consists of city departments and a large number of relatively independent boards, commissions and public benefit corporations, collectively termed "satellites." These satellites have been without meaningful oversight for many years, an absence that fosters non-compliance, corruption and poor governance leading to inefficient and ineffective performance.

Examples of corruption and poor governance as a result of inadequate oversight include the actions of the Director of the French Market Corporation and the General Manager of the Public Belt Railroad; both resigned in 2010 amid public scrutiny and were subsequently charged with theft in 2011 for abusing public funds through the use of credit cards.

ASSESSMENT CATEGORIES¹

The risk assessment considers the universe of City programs and operations, and uses the following criteria in order of priority: public safety or public health risk; dollars of potential revenue or potential cost reductions; concerns expressed by City officials; and, 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 is adversely affected by police misconduct, which limits prosecution of cases that rely on police testimony.
- Police off-duty details have a corrupting influence on the New Orleans Police Department.
- Taxicab regulators failed to prevent dangerous individuals from driving taxis.
- 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 not receive all funds collected by other entities of City government.
- The City may have non-performing assets that should either be actively maintained or sold.
- The City may lack adequate safeguards against employee dishonesty in the collection of fines and fees.

Potential Cost Reduction Risks:

- The City's internal controls over fixed assets, accounts payable, payroll and purchasing are weak and present opportunities for fraud.
- The City's procurement practices may not promote fair and open competition to get the best value for taxpayer dollars.
- The City may not exercise adequate oversight of contractors to ensure that taxpayers get what they bought.
- The City may not take adequate measures to control employee medical costs, workers compensation claims, and other liabilities.

Public Concerns:

- Local and Small and Disadvantaged Business Enterprise sourcing programs may be ineffective.
- Blight continues to exist on a large scale and in most areas of the City.
- City streets remain in poor condition even in the French Quarter, the City's principal tourist destination.

¹ The Investigations Division's assessments and activities are not disclosed while ongoing.

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 proactive analyses to identify potential fraud indicators;
- (3) To screen new procurements exceeding \$100,000 in value;
- (4) To monitor high-risk City contracts; and
- (5) To conduct investigations into allegations or indications of fraud and abuse, and 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 evaluate the initial implementation of the NOPD off-duty detail system at an appropriate time, and follow-up with short-notice periodic inspections for several years. The internal controls over city revenue operations will be reviewed in 2012.

The OIG will conduct a multi-year program to review many of the satellites of City government. The reviews will consider the entity's use of funds, operations, governance, and the rationale for their creation in their current form. The reviews will also test to detect common fraud schemes.

IV. RISK MITIGATION ACTIVITIES

The projects listed below are intended to mitigate the risks identified in the assessment above. The schedule of OIG activities will be reviewed and modified as circumstances warrant during 2012. The nature and associated entity of some planned projects will remain confidential until executed so that all entity managements will have an incentive to review the condition of their financial systems and the integrity of their operations.

2011 Activities

The OIG completed the following projects by August 31, 2011:

1. Public Letter to First Assistant District Attorney and Chief Public Defender providing the results of an analysis of Case Allotment methods;
2. Public Letter to First Deputy Mayor and CAO reporting that the take-home cars assigned to Municipal Court did not meet the administration's eligibility criteria;
3. Performance Audit of the Municipal Court's Remittances to the City;
4. Review of the New Orleans Employee Retirement System's travel policies;
5. Audit of the City's internal controls over purchasing and accounts payable;
6. Review of the French Market Corporation's credit card and executive reimbursement policies;
7. Evaluation of the City's arrest and detention policies for non-violent and traffic offenses;
8. Audit of the City's internal controls over fixed assets;
9. Follow up of a 2009 audit of the Orleans Parish Criminal Sheriff's Office vehicle costs and management; and
10. Audit of the City's Miscellaneous Donation Fund and America's New Orleans Fund.

The following OIG activities were underway at August 31, 2011:

1. Audit of Orleans Parish Prison Inmate Charges to the City;
2. Review of Urban Development Action Grants;
3. Review of N.O. Aviation Board Credit Card Activity;
4. Evaluation of the Municipal and Traffic Courts;
5. Audit of Sewerage & Water Board Sanitation Collections and Remittances;
6. Audit of payroll liabilities;
7. Audit of the City's Payroll Internal Controls;
8. Evaluation of employee health benefits;
9. Undisclosed Audit of Satellite;
10. Follow-up on N.O. Aviation Board Vehicle Usage;
11. Follow-up on Management of the Administrative Fleet;
12. Follow-up on Travel and Business Expense Review; and
13. Follow-up on Sanitation Contract Oversight.

2012 OIG ACTIVITIES

Program Evaluation Activities

- Review of NOPD implementation of centralized off-duty details system
- Evaluation of Fuel Services Management
- Review of Parking Meter contracts
- Evaluation of Risk Management
- Review of selected contracts of undisclosed satellites
- Develop best practices guide for city satellites
- Follow-up of city procurement procedures
- Follow-up of NOPD arrest practices

Audit Activities

- Revenue Internal Control Review – Permits
- Revenue Internal Control Review – Other Revenue
- OPSB-controlled schools financial records review
- Audit of N.O. Regional Business Park (dependent on RR-11-315 - October 2011 ballot)
- Review of an unspecified construction project
- Audits of unspecified matters at unspecified satellites
- Follow-up on Municipal Court – Take Home Vehicles
- Follow-up on Municipal Court Remittances to the City
- Follow-up on N.O. Municipal Employees Retirement System Travel Policy
- Follow-up on Internal Control Review of Accounts Payable
- Follow-up on Internal Control Review of Fixed Assets
- Follow-up on the French Market Corporation’s Credit Card and Expense Reimbursements

Contract Oversight

- Screen high dollar value 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 proactive counter-fraud analyses and related activities
- Conduct investigations and refer evidence to appropriate prosecutors

Legislative Review

- Review pending and existing ordinances, statutes and regulations, 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 in accordance with the governing ordinance

2013-2015 OIG Reviews

- NOPD Off-Duty Detail System
- Financial Management
- Information Systems
- Tax Collection
- Property Tax Assessments

Satellite Agencies (the following are subject to OIG reviews at any time)

Alcoholic Beverage Control Board
Algiers Development District
Audubon Commission
Board of Appeals for Airport Zoning
Board of Building Standards and Appeals
Board of City Trusts
Board of Liquidation, City Debt
Board of Trustees of the Employees' Retirement System of New Orleans
Board of Trustees of the Firemen's Pension and Relief Fund
Board of Trustees of the Police Pension Fund
Canal Street Development Corporation
Central Business District Historic District Landmarks Commission
City Planning Commission
Civil Service Commission
Community Access Corporation
Delgado-Albania Plantation Commission
Downtown Development District
Edward Wisner Donation Advisory Committee
Film and Video Commission
Finance Authority of N.O.
French Market Corporation
Historic District Landmarks Commission
Human Relations Commission
Mosquito Control Board
Municipal and Traffic Courts
Municipal Yacht Harbor Management Corporation
New Orleans Aviation Board
New Orleans Building Corporation
New Orleans City Park Improvement Association
New Orleans Finance Authority

New Orleans Metropolitan Youth Commission
New Orleans Museum of Art
New Orleans Music and Entertainment Commission
New Orleans Neighborhood Housing Improvement Advisory Committee
New Orleans Redevelopment Agency
New Orleans Regional Business Park
Piazza d'Italia Development Corporation
Public Belt Railroad Commission
Public Library Board
Regional Transit Authority
Rivergate Development Corporation
Sewerage & Water Board
Upper Pontalba Building Commission

V. VISION

The vision of the NOLA OIG is: ***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 their position. Failing that, our aim will be to 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.

VI. 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:

- Focusing OIG activities on the right issues at the right time (**goal: relevance**);
- Performing the work credibly (**goal: credibility**); and
- Reporting the results of our work in a manner that achieves maximum impact and encourages expeditious action (**goal: communication**).

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

VII. 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.

SUBGOAL 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 considered 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 and City Council members.

SUBGOAL 2: *Timeliness* – OIG reports are delivered at the right time.

Performance Measures:

- 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.

SUBGOAL 1: *Independence* – OIG staff is organizationally and personally independent.

Performance Measures: IG Certification of Independence in all final reports. (Y/N)

Validation Means: Identification of exceptions (if any).

SUBGOAL 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(s).

Validation Means: Review of personnel and training records.

SUBGOAL 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.

SUBGOAL 1: Quality: Information presented is accurate and complete; findings identify underlying causes of reported problems; 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.

SUBGOAL 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.