

OIG IN BRIEF

Why the OIG Did This Report

The City's processes for selecting professional service contractors have undergone significant changes since 2010. The policy changes initiated by Executive Order MJL 10-05 require selection committees to evaluate proposals in meetings noticed and open to the public. At the conclusion of this process, the selection committee recommends that the City enter into contract negotiations with the selected contractor.

However, the selection of a contractor is only the first step in a larger process. Effective third-party contracting requires: (1) ongoing monitoring of the contractor's progress while work is being performed, and (2) evaluation at the conclusion of the contract to determine whether services of acceptable quality were provided on time and within budget. Developing standardized processes to record and retain this information enables future selection committees to identify contractors who exceeded or failed to meet expectations.

The purpose of this review was to determine whether the Procurement Office, contract managers in city departments, and city contractors acted in accordance with policy requirements related to interim progress reporting, post-contract evaluations, and post-contract disclosures.

To answer these questions, the OIG performed interviews, reviewed professional service solicitations issued by the City, reviewed City policies and general procurement practices, and monitored documents provided to selection committees for professional service contracts.

A report to the City of New Orleans, August 5, 2015.

View OIG [report](#) IE 15-0008. For more information contact Nadiene Van Dyke at (504) 681-3200 or nvandyke@nolaig.org.

City Evaluation of Professional Service Contractors

What the OIG Found

The City and Chief Procurement Officer (CPO) did not implement a formal system to distribute, collect, and monitor progress and evaluation forms by contract managers, as required by Executive Order MJL 10-05. In addition, professional service contractors did not submit post-contract disclosures to the Procurement Office because the City did not develop a standardized form to document relevant information.

The City and CPO did not fulfill the monitoring and accountability requirements of Executive Order MJL 10-05 in the five years since it was issued. The CPO did not create a post-contract evaluation form until August 2013 and distributed the form during in-person meetings with contract managers in some city departments. The informal manner in which the form was implemented was likely a significant factor in contract managers' failure to complete the form; the CPO only had one completed form on file as of May 2015. In addition, forms for interim progress reports and post-contract disclosures were not created as of May 2015.

The lack of completed interim progress reports, post-contract evaluations, and post-contract disclosures meant that selection committee members were not always provided with documentation about contractors' previous performance on city projects. In the absence of formal documentation, they would have to rely on a combination of ad hoc information gathering methods and institutional knowledge. As a result, professional service contractors who had previously underperformed may have been awarded additional contracts, increasing the risk of future disruptions to operations.

Executive Order MJL 10-05 was a step forward in changing how professional service contractors are awarded contracts. However, the City's failure to develop a formal, standardized process to document information related to contractors' progress and overall performance was a missed opportunity to provide long-term benefits designed to withstand staff and/or electoral turnover.

What the OIG Recommended

The City and Chief Procurement Officer should develop a systematic method of distribution, collection, and monitoring of progress and evaluation forms and should direct contract managers to file written, standardized progress and evaluation reports with the Procurement Office. In addition, the City should develop a standardized post-contract disclosure and revise its solicitation and contract forms to require contractors to submit the relevant information to the Procurement Office.

Past performance is often a useful indicator for predicting future results. Formally incorporating information about a contractor's performance on previous projects into future contractor selections would improve the City's ability to identify contractors who either failed to meet or exceeded expectations. In addition, the practice gives third-party contractors additional incentive to deliver quality results.