

OFFICE OF INSPECTOR GENERAL  
**CITY OF NEW ORLEANS**



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**Inspector General Evaluation Reveals \$1.7 Million in Waste**

The Office of Inspector General today released a report detailing how the prior Administration wasted City money by repeatedly extending the City's contract with Disaster Recovery Consultants (DRC) without assessing its cost-effectiveness.

The report said that when the City replaced UNISYS with DRC the labor rates increased significantly. Four UNISYS employees became DRC principals and their labor rates increased from \$54-\$78 to \$110 per hour. This increase cost the City \$672,000.

Two employees left the City payroll when the DRC contract was awarded and immediately joined DRC as "public assistance consultants" even though they lacked technical expertise. The City paid more than double what they cost as employees with the difference amounting to \$176,633 per year.

The City began using DRC employees to perform accounting functions in the Finance Department in 2008 without amending the scope of the contract. The evaluation determined that the City paid \$558,000 more to DRC than if it had used City employees.

"The mismanagement of this contract wasted money that could have been used for recovery projects or NORD playgrounds or to avoid furloughs," said Inspector General Quatrevaux.

The report made 5 recommendations to avoid repetition of these mistakes, and the new Administration agreed to adopt all of them.

The report is attached. Other Office of Inspector General reports can be viewed and downloaded at <http://www.nolaoig.org>.

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