

EMBARGOED UNTIL
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**OIG FOUND LACK OF A SYSTEMATIC APPROACH TO PROCUREMENT DATA HINDERED THE CITY'S
ABILITY TO IMPROVE COMPETITION IN THE PROCUREMENT PROCESS**

The Office of Inspector General (OIG) for the City of New Orleans conducted an inspection of the City of New Orleans (City) competitive procurement process and concluded the City received a limited number of responses to many of its competitive solicitations.

The City's most valuable contracts are procured through Invitations to Bid (ITB), Requests for Proposals (RFP), and Requests for Qualifications (RFQ), in which prospective vendors submit responses to a solicitation. The OIG found that, during the years 2019 and 2020, 50 percent of the City's ITBs received fewer than three responses, including 16 percent that received no bids. Similarly, 26 percent of RFPs and RFQs received fewer than three responses. OIG analysis indicated the number of responses was linked to the requesting department and the type of work performed. Most construction and roadwork projects from DPW and Capital Projects received more than three bids, while departments that issued solicitations less frequently usually received fewer than three responses.

The Bureau of Purchasing made several efforts to improve competition in the procurement process. These efforts included surveys sent to vendors who did not submit responses, requesting information related to their reasoning for non-response. However, the City did not have any way to systematically analyze this information and other procurement data. Because a variety of factors may impact vendor responsiveness, the OIG recommended the City develop a process for analyzing procurement data, implement improvements based on the trends identified in this data, and monitor the effectiveness of its efforts to improve competition.

The OIG also found the Bureau of Purchasing was not fully complying with Executive Order LC 20-01, which required the Chief Procurement Officer (CPO) to provide a written justification for moving forward with an RFP or RFQ procurement that received fewer than three responses.

The OIG noted that of the 12 procurements that met these criteria during the scope period, one lacked a written justification, and several others had a justification memo that lacked an approval signature from the CPO, provided no actual justification for proceeding without additional advertisement, or provided a justification that failed to clearly address the issue of why advertising was unlikely to generate more responses. In more than one instance, the CPO approved justification memos that said the requesting department was satisfied with the proposals received but provided no further information. The OIG recommended that the Bureau of Purchasing comply fully with this provision.

Inspector General Ed Michel stated:

“Effective competitive procurement practices are critical to efficiency in city government. These recommendations are intended to help the Bureau of Purchasing in ensuring public funds are utilized in an efficient and effective manner.”