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**OIG FOUND CONTRADICTORY GUIDANCE AND INEFFECTIVE POLICIES HINDERED THE
DEPARTMENT OF PROPERTY MANAGEMENT'S PROCUREMENT PROCESS**

The Office of Inspector General (OIG) for the City of New Orleans concluded the Department of Property Management did not comply with the City's procurement policies, due in part to contradictory guidance from the Law department, and ineffective internal policies and procedures.

Between 2017 and 2019, the City spent more than \$7.7M on Job Order Contracts (JOC), a multi-layered procurement mechanism in which the city contracts with one or more general contractors to perform small maintenance and repair jobs on city properties. The value of the individual repair jobs may not exceed \$150,000; however, total of all jobs completed in a year could be worth more than \$1M.

According to city policies, the JOC program was housed in the Department of Property Management (DPM), and was required to maintain between two and five JOC contractors. However, at the time of the OIG's review, the DPM had only one JOC contractor. Due to the volume of work, this overburdened the contractor and led to a backlog in required documentation associated with the jobs. Department management stated they had been advised by the Law Department that having more than one JOC contractor may violate Louisiana's Public Bid Law. However, there was no change in city policy regarding the requirement to secure two or more contractors.

As a result of the backlog in documentation, the DPM adopted an expedited review process when approving repair and maintenance on city properties, a process similar to the one used for emergency contracts. Contractors were approved to begin repair work prior to submitting any formal proposals or other documentation. Instead, proposals were submitted after the job was complete. Further, the OIG found city policies failed to provide guidance on how the JOC program should be monitored by the Office of Procurement to ensure compliance with procurement rules and best practices.

Based on these findings, the OIG recommended that the DPM, Bureau of Purchasing, and Law Department collaborate to create new JOC policies that were consistent with the law and best practices. After review of the draft report outlining the OIG's findings, the departments informed the OIG that the JOC program has been cancelled. Instead the departments will work together to develop trade-specific contracts utilizing more traditional procurement methods.

Interim Inspector General Ed Michel stated:

"The OIG takes the City's procurement practices very seriously, as it has been a major source of fraud, waste, and abuse in the past, especially when there are no internal controls or oversight. Our office received a response to the draft report on Monday October 4, 2021, stating the JOC program had been cancelled in May. The OIG was unaware of the program's cancellation. My staff and I met with department heads from DPM, the Bureau of Procurement, and the Law Department related to the OIG's preliminary findings in June 2021. We have also communicated and met with the departments related to this and other matters since that time. At no point were we notified that the JOC program had been

cancelled. We can only conclude that the departments saw merit in OIG's preliminary findings and decided that a complete overhaul was warranted.

While we are encouraged that the departments are working together to make positive changes to city programming, the OIG strongly urges city departments to work more collaboratively with evaluators and auditors in the future so that our office can create relevant and timely recommendations for improvement."

Interim Inspector General Ed Michel is available for interviews on Thursday October 7.