

# **Annual Work Plan**

## **2022**

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## I. INTRODUCTION

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### OVERVIEW

The City of New Orleans Office of Inspector General's (OIG) Annual Work Plan (2022 Work Plan) covers the period from September 1, 2021 through August 31, 2022. The 2022 Work Plan is a rolling two-year audit and evaluation plan designed to allow greater flexibility and discretion in the timing and selection of projects.

Pursuant to the City Charter, the enabling Ordinance, and applicable professional standards, the OIG conducts a planning process that identifies goals, priorities, and strategies which align with our mission and vision while effectively using available resources. OIG staff conduct a cyclical planning process by assessing the performance of City of New Orleans (City) departments and its component entities to adjust the OIG's 2022 Work Plan to incorporate a fluid operating environment. Our ability to remain agile during the current COVID-19 pandemic is crucial for us to effectively manage our workload, while remaining committed to our mission.

The 2022 Work Plan is based upon the results of our City-wide Risk Assessment, which incorporated large-scale catastrophic events, such as the 2019 Hard Rock Hotel collapse and the ongoing COVID-19 pandemic. The purpose of the 2022 Work Plan is to communicate the OIG's priorities and objectives to the public, the Mayor, the City Council, the Ethics Review Board (ERB), and all interested parties.

### MISSION OF THE OFFICE OF INSPECTOR GENERAL

The mission of the OIG is to promote accountability, integrity, and efficiency in City government operations by preventing and detecting fraud, waste, and abuse. We do so by conducting audits, inspections, evaluations, and investigations. The OIG provides its reports, findings, and recommendations to the public, the ERB, the City Council, and other interested parties. In addition, the OIG routinely refers allegations of fraud or misconduct, that may be criminal in nature, to the appropriate federal,



state, or local law enforcement agencies. In many instances, the OIG assists in the investigation of criminal matters.

The City's Home Rule Charter and City Code of Ordinances 2-1120 created the OIG's unique structural and operational framework which provides autonomy and independence from the City's Executive and Legislative branches. The ERB is responsible for the appointment of the Inspector General (IG) to a four-year term, but it has no authority over OIG operations, including the selection and execution of audits, evaluations, inspections or investigations. However, the ERB provides the critical oversight function by meeting regularly to review OIG reports and activities. This organizational structure was designed to provide the public with reasonable assurance that all OIG activities are conducted in an objective and independent manner.

### **VISION OF THE OFFICE OF INSPECTOR GENERAL**

The unprecedented global disruption facilitated by the COVID-19 pandemic has been a detriment to private as well as governmental institutions all over the world. However, this global health crisis has reminded us that the ability to be nimble is critical to ensuring our success. The vision of the OIG is to incorporate ingenuity and intelligence in every aspect of the OIG's operations as we assess and mitigate the threats facing New Orleans and our stakeholders. Because of the current digital environment where bulk data is targeted constantly by external threats, we will continually improve our infrastructure to secure digital data and storage and transmission capacity. Our risk assessment process drives strategic and operational plans and priorities.

We will continually focus on leadership and foster effective communications to create a culture that facilitates innovation, accountability and transparency. The OIG will continue to enhance our workforce base by seeking and hiring the most qualified candidates and increase employees' technical skills through trainings and collaboration between departments.

As the OIG transforms into a more skilled workforce by incorporating intelligence and bulk data analysis, we will work seamlessly as an integrated team to deliver timely and relevant products which will ensure our mission's success. We will utilize our state-of-the-art infrastructure combined with a diverse, competent and enthusiastic workforce to create an efficient and effective team of watchdogs. The OIG will enhance the integrity of City government and ensure the effective mitigation of fraud, waste, abuse, and public corruption whilst maintaining a work environment conducive to productivity, efficiency and mutual respect.

## **II. RISK CATEGORIES, METHODOLOGY AND LIMITATIONS**

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The OIG issued its City-wide Risk Assessment in February 2021. The OIG used the results of that City-wide Risk Assessment to allocate the OIG’s resources efficiently and effectively, identify potential projects, and create a framework to determine the OIG’s audit and evaluation priorities in future years.

### **RISK CATEGORIES**

In 2019, the OIG developed and finalized a new risk assessment framework to take a fresh look at City government operations. Risk is defined as “the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.” (Institute of Internal Auditors, 2017) The OIG identified four risk categories as defined below.

#### **COMPLIANCE RISK**

Compliance risk is the risk that the entity may not comply with local, state, or federal laws, regulations, contracts, grant requirements, or professional standards.

#### **FINANCIAL RISK**

Financial risk is the risk that the entity has (1) financial insolvency or instability involving the financial transactions, procurements and contracts, and reporting of the entity; (2) budgetary overages and/or shortfalls; (3) inadequate management, maintenance, or safeguards over physical assets; and (4) fraud, waste, abuse, theft, and/or corruption.

#### **OPERATIONAL RISK**

Operational risk is the risk that the entity has (1) ineffective and inadequate processes; (2) improper or insufficient management and oversight; (3) outdated, poorly-documented policies and procedures; (4) inadequate staffing and/or skills needed to perform or achieve the entity’s objectives; and (5) technological failures.

#### **REPUTATIONAL RISK**

Reputational risk is the risk that the political climate and/or legislative changes could adversely affect the entity.

## **METHODOLOGY**

The OIG continuously conducts its risk assessment to identify potential areas to include in its two-year rolling plan. The OIG identified 156 City entities and/or revenue streams. However, due to staffing constraints, the OIG could not conduct a risk assessment of all entities. Therefore, the OIG established the following criteria to determine which entities and/or revenue streams would be subjected to the risk assessment.

- Entities who received General fund and/or Non-General fund revenue from the City that was \$10,000,000 or greater;
- Entities with expenditures \$10,000,000 or greater except for:
  - a. Intergovernmental Affairs; and
  - b. Entities outside of the OIG's jurisdiction; and
- Entities whose total expenditures could not be determined.

Based on this criteria and the OIG's jurisdictional authority, the OIG selected 34 entities and 24 revenue streams to examine.

To assess risk, the OIG obtained questionnaires, internal policies, and other documentation related to governance. The OIG also conducted interviews of City employees and reviewed news coverage, external audits, and any other publicly available information. The OIG analyzed these entities using four risk categories: compliance risk, financial risk, operational risk, and reputational risk, factoring in potential impact to the organization. The following graph depicts the OIG's approach taken to create the 2022 Work Plan.

### 1. Information Gathering and Scoping

- Gained an understanding of City operations and the current operating environment risks.
- Reviewed technical guidance from professional standard-setting bodies to identify changes to auditing and accounting requirements.
- Updated the audit and evaluation population based on data and information received from external stakeholders.

### 2. Risk Identification and Analysis

- Requested and reviewed survey responses from City entities regarding their assessment of risk.
- Interviewed City employees to obtain various points of view regarding risks.

### 3. Development and Vetting of Proposed Plan

- Developed the proposed 2022 Work Plan based on interviews, the risk assessment, resource availability, budget and division coverage.

### 4. Next Steps

- Submitted and presented the 2022 Work Plan to the ERB.
- Formalized and distributed the 2022 Work Plan in accordance with the New Orleans City Code of Ordinances, Article XIII, Section 2-1120 (17).

## **2022 WORK PLAN LIMITATIONS**

Because the OIG cannot address every risk, it is important to clearly communicate to City officials and external stakeholders the limitations of the 2022 Work Plan.

The OIG is committed to being a valuable resource and trusted adviser in identifying, responding to, and aiding in the improvement of City-wide department programs, services, and critical activities. The 2022 Work Plan focuses on critical risk areas, yet builds in flexibility to allow the OIG to add additional projects in response to changing circumstances or new information.

The 2022 Work Plan does not, nor does it intend to, provide coverage for all City-wide departments or all of the City's component entities. The primary goal is to use our limited resources to conduct audits and evaluations in the areas that would most benefit the City and the public. This plan appropriately allocates the OIG's resources to critical priorities and risks of the City.



### III. RISK RESULTS AND ENTITIES

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**D**uring 2020, the OIG updated its City-wide Risk Assessment. Based on those results, the OIG determined the following entities are high-risk.

#### **DEPARTMENT OF FINANCE**

The Department of Finance collects taxes and fees, procures goods and services, and manages most financial operations for the City. The Department of Finance also provides recommendations on fiscal and budgetary policies.

The COVID-19 pandemic continues to raise concerns regarding projected revenues and budgetary constraints. To-date the City has received \$150 million of the projected \$387.5 million earmarked from the American Rescue Plan Act (ARPA).

#### **DEPARTMENT OF PUBLIC WORKS (DPW)**

DPW is responsible for maintaining approximately 1,547 miles of streets and 149 bridges in the City. This includes 72,000 catch basins and 8,200,000 linear feet of drainage lines. DPW does not have a cohesive plan for routine road maintenance which has resulted in City streets being repeatedly torn up and repaved.

#### **DEPARTMENT OF SAFETY AND PERMITS (S&P)**

S&P is responsible for administering and enforcing standards for the construction and use of buildings and property to ensure public safety. However, the October 2019 Hard Rock Hotel collapse revealed allegations that City inspectors failed to conduct onsite inspections.

#### **EDWARD WISNER FOUNDATION**

In 2020, City officials agreed to continue the Wisner Fund in perpetuity, which was meant to terminate in 2014. The agreement potentially deprived the City of revenue, and there are questions about the legality of the agreement.

#### **EQUIPMENT MAINTENANCE DIVISION (EMD)**

EMD is a division of the City's Chief Administrative Office and shares responsibility for the management of City-owned vehicles with user departments. EMD is primarily charged with providing maintenance and repair services, assisting with developing vehicle specification, coordinating acquisitions, and providing fuel. In 2016, the OIG published an evaluation that found the EMD

lacked sufficient oversight, policies, and documentation for the use of City vehicles.

#### **NEW ORLEANS POLICE DEPARTMENT (NOPD)**

NOPD has been under a federal consent decree since January 2013. In 2014, the OIG conducted an audit of the NOPD Central Evidence and Property Section and found that NOPD was not in compliance with best practices for evidence rooms.

#### **ORLEANS PARISH COMMUNICATIONS DISTRICT (OPCD)**

OPCD is the Public Safety Answering Point for all 9-1-1 emergency communications and all 3-1-1 non-emergency communications within Orleans Parish. OPCD's external auditors reported numerous internal control deficiencies relating to purchasing, disbursements, and cash management.

The OPCD provided limited information and challenged the OIG's jurisdictional authority.

#### **ORLEANS PARISH SHERIFF'S OFFICE (OPSO)**

OPSO provides the care, custody, control and rehabilitation of inmates housed in the Orleans Justice Center. Since 2013, the facility's operations have been under a federal consent decree. In 2016, the federal judge overseeing the consent decree transferred operational control of the facility to a compliance director who reports to the court rather than the Sheriff. OPSO also has a long history of issues, including inmate deaths, contraband, and expensive contracts.

Similar to the OPCD, OPSO provided limited information and challenged the OIG's jurisdictional authority.

#### **SEWERAGE & WATER BOARD OF NEW ORLEANS (S&WB)**

The S&WB is charged with providing the City with adequate drainage, sewerage collection, and drinking water. Historically, the S&WB's Annual Comprehensive Financial Report (ACFR) identified operating losses and systemic weaknesses in the areas of governance, infrastructure management, financial management, business processes, and technology implementation.

## IV. PROJECTS

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The projects listed below are intended to provide the City with essential information that it can use to mitigate risk. The OIG will review and modify the schedule of activities as circumstances warrant.

### PROJECTS UNDERWAY

*Anticipated completion dates are noted in parentheses and are subject to change.*

- 3-1-1 Potholes (ongoing)
- BRASS Purchasing/Enterprise Resource Planning (ERP) System (2021)
- DPW and S&WB Repair Coordination (2021)
- New Orleans Firefighters' Pension Fund Governance and Investment Policies (2021)
- Job Order Contracting (JOC) Policies and Procedures (2021)
- OPCD Expenditures (ongoing)
- Procurement and Competitive Bidding (2021)
- Safety and Permits City Employee Inspections (2022)

### PROPOSED PROJECTS STARTING IN 2022

The projects listed below will begin as current audits and evaluations are completed. New projects may be delayed due to the carryover of existing projects, identification of more urgent projects, or actions beyond the control of the OIG.

#### **DEPARTMENT OF CODE ENFORCEMENT**

- Traffic Cameras

#### **DEPARTMENT OF EQUIPMENT AND MAINTENANCE**

- Fleet Management and Maintenance – Follow-up

#### **DEPARTMENT OF FINANCE**

- Monitoring and Oversight on the Usage of ARPA Funds

## **DEPARTMENT OF SAFETY AND PERMITS**

- Efficiency and Effectiveness of Management Operations

## **EDWARD WISNER FOUNDATION**

- City Management and Oversight of Foundation Proceeds

## **NEW ORLEANS POLICE DEPARTMENT**

- Central Evidence and Property – Follow-up

## **ORLEANS PARISH SHERIFF’S OFFICE**

- Operational Processes and Procedures for the Orleans Justice Center

## **PUBLIC CORRUPTION**

- Conduct fraud awareness trainings for City employees and contractors
- Conduct investigations and refer evidence to appropriate authorities

## V. QUALITY ASSURANCE AND QUALITY CONTROL

To ensure that the OIG's work is supported by sufficient and appropriate evidence, the OIG adopted a system of quality assurance and quality control as outlined below.

### QUALITY ASSURANCE – PEER REVIEW

The Association of Inspectors General (AIG) conducts a triennial peer review of the OIG's Audit & Review Division, Investigations Division, and Inspections & Evaluations Division. The goal of this triennial peer review team is to determine if the OIG performed its work according to OIG policies and procedures and meets established professional standards of performance. The external peer review process is critical to the OIG's overall program of quality assurance, and it provides the citizens of New Orleans a level of confidence that all OIG activities adhere to the highest standards of professional conduct.

The 2021 triennial peer review for is scheduled for October 11-14. The peer review team will assess the Audit Division's compliance with Generally Accepted Government Auditing Standards (Yellow Book) issued by the U.S. Government Accountability Office (GAO). The peer reviewers will also assess the work of the Investigations and the Inspections & Evaluations Divisions in accordance with the AIG Principles and Standards for Offices of Inspector General (Green Book).

### QUALITY ASSURANCE – CITIZEN REVIEW

Every year, the Mayor, the City Council, and the ERB are responsible for appointing a committee of three citizens to review the OIG's work products published during the preceding year.

### QUALITY CONTROL

The OIG developed the following goals, objectives, and strategies to ensure that our work adheres to the highest standards of professional conduct and to ensure we achieve our mission.

## **GOAL # 1: TO PREVENT AND DETECT FRAUD, WASTE, AND ABUSE**

*Objective 1: To educate citizens of New Orleans, department managers, and those charged with governance on how to prevent and detect fraud, waste, and abuse.*

### **STRATEGIES:**

- Conduct fraud awareness trainings to City employees and the public.
- Provide guidance and best practices to publicly funded boards through the OIG's Handbook for Boards and Commissions.

*Objective 2: To provide continuous monitoring over contracts and other activities to deter fraud, waste, and abuse.*

### **STRATEGIES:**

- Collaborate with the Chief Procurement Office to assess and evaluate new procurements.
- Monitor high-risk City contracts.
- Conduct investigations into allegations of procurement fraud or abuse and refer credible evidence to appropriate authorities.
- Evaluate City procurement and purchasing policies.

## **GOAL # 2: TO FOCUS OIG ACTIVITIES ON THE RIGHT ISSUES AT THE RIGHT TIME**

*Objective 3: To ensure the OIG directs resources to the issues of greatest concern and that the most important projects are selected for review.*

### **STRATEGIES:**

- Develop an annual work plan based on assessed risks for all departments in the City and its component entities.
- Assign resources according to priorities identified in the risk assessment.
- Complete projects in a timely manner to provide accurate and relevant reports.

*Objective 4: To respond to and mitigate external threats to the City.*

**STRATEGIES:**

- Incorporate intelligence with bulk data analysis to identify and mitigate threats.
- Monitor current events and emerging trends.
- Monitor the OIG's hotline for complaints and tips.
- Respond to and investigate credible information alleging fraud, waste, and abuse.
- Maintain professional relationships with external partners.

**GOAL # 3: TO PROVIDE CREDIBLE AND ACCURATE REPORTS**

*Objective 5: To ensure that projects are performed by independent (free of personal and professional conflicts) staff to achieve objectives in accordance with professional standards.*

**STRATEGIES:**

- Remain organizationally independent as established by the City Charter and the City Code of Ordinances.
- Require all OIG employees to certify professional and personal independence before commencing projects.
- Require the Inspector General to recertify professional and personal independence at the conclusion of each project.
- Require all OIG employees to disclose and mitigate potential conflict of interests.

*Objective 6: To ensure that the OIG staff possess sufficient knowledge and skills to achieve the objectives of OIG projects.*

**STRATEGIES:**

- Require OIG employees to obtain the continuing professional education required to maintain their licenses and certifications.
- Require OIG employees to meet the minimum job qualifications, including receiving advanced degrees, obtaining prior work experience, and/or earning nationally recognized certifications.

*Objective 7: To ensure that the OIG develops and implements methodology in accordance with professional standards, and the methodology is appropriate to achieve objectives.*

**STRATEGIES:**

- Develop policies and procedures to ensure a high level of quality control for each project. Quality control procedures include proper planning and supervision throughout each phase of the project.
- Communicate policies and procedures to all employees.

**GOAL # 4: TO COMMUNICATE COMPLETE AND ACCURATE REPORTS TO THE CITIZENS OF NEW ORLEANS, DEPARTMENT MANAGERS, AND/OR THOSE CHARGED WITH GOVERNANCE**

*Objective 8: To involve department managers and/or those charged with governance in all project phases.*

**STRATEGIES:**

- Communicate findings or other information with managers and/or those charged with governance throughout the project to encourage corrective action.
- Inform decision makers of findings, identify underlying causes of reported problems, and work with decision makers to develop recommendations that serve as a basis for improvement.

*Objective 9: To ensure that OIG reports meet all form and content requirements established by the City ordinance and professional standards.*

**STRATEGIES:**

- Review reports to ensure all information required by the City ordinance and professional standards are included in the reports.
- Review reports to ensure clear, concise, and objective information and encourage stakeholders to take appropriate corrective action.
- Publish and distribute reports to New Orleans citizens, department managers, those charged with governance, and the public.