

## EXECUTIVE SUMMARY

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The Office of Inspector General (OIG) conducted a performance audit of the New Orleans Aviation Board's (NOAB) contract payment process. This performance audit was conducted to determine if the NOAB had controls in place to prevent and detect fraud, waste and abuse related to contract payments and to test whether these controls were operating effectively. During a review of all NOAB contracts, it was discovered that multiple maintenance and professional service contracts had been operating on a month-to-month basis from between two to eight years.

The audit revealed that improper payments were made in seven of the ten contracts reviewed. This occurred because the invoices for month-to-month contracts were not properly reviewed by the NOAB prior to payments. The auditors also noted the following:

- ❖ The NOAB did not rebid contracts after expiration which resulted in contracts operating on a month-to-month basis.
- ❖ Labor rates were not in compliance with the original contracts on various invoices.
- ❖ Invoices did not include adequate supporting documentation.
- ❖ Invoices were not properly approved by the Board of Directors.

Contracts selected for testing were operating on a month-to-month basis prior to and during the current NOAB administration<sup>1</sup>. The current NOAB administration discovered and eliminated numerous procurement arrangements during our test period that did not serve in the best interest of the airport and the citizens of New Orleans.

During the period we conducted testing, the NOAB solicited and awarded new contracts for many of its month-to-month contracts, including contracts selected for testing. The NOAB also re-negotiated or terminated many contracts which resulted in a reported \$25 million in savings.

The NOAB has made great improvements under the current administration, including rebidding or cancelling over 100 month-to-month contracts, including those selected for testing in this report. Full implementation of the recommendations in this audit report, some of which were adopted subsequent to our testing should improve the NOAB's accountability for contract compliance and monitoring and reduce the opportunity for fraud, waste and abuse.

*Note: All responses from the NOAB in the body of this report are direct statements and have not been modified.*

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<sup>1</sup> The current Director of Aviation was appointed on April 21, 2010 and took office on May 24, 2010.