



STATEMENT OF THE OFFICE OF INSPECTOR GENERAL

The Office of Inspector General released a report of its Review of 2009 Budget Process for the City of New Orleans today. This final version includes the comments of the Mayor's Office and City Council District A.

The review found that the Mayor's 2009 Budget Message failed to meet the requirements of State law, and that it contains significant inaccuracies. It also found that:

- (1) The Five-Year Capital Program failed to fulfill City Charter requirements;
- (2) City offices, Departments, and Boards are not submitting the annual reports required by City Charter;
- (3) The Operating Budget provided no information on contract expenditures;
- (4) The City Lacks a Financial Reporting System capable of producing accurate and timely reports on revenues and expenditures; and,
- (5) The City did not follow its own guidelines or Budgeting For Outcomes to allocate funds.

The review also provided benchmark comparisons with comparable cities on a per capita basis. Benchmarking is a widely- accepted analytical technique designed to compare a government entity with a peer group. It does not imply good or bad, but rather highlights variances from the norm.

The comparisons showed that New Orleans budgeted more for city services overall than any of the other cities. It also budgeted more than any of the other cities for the executive, legislative, law, and finance functions, as well as for sanitation services. New Orleans budgeted less per person for parks and recreation than did any of the other cities. The comparison found that the City's budgeted expenditures for personnel were about average for the group of cities.

The Mayor's response agreed with some of the findings, but disagreed with others. It did not accept the group of cities used as comparable, and complained that the OIG refused to provide detailed data used in the comparisons. (The OIG notes that the Mayor's office had 6 weeks to review the interim report, which included methodology and links to the data sources, and only requested data as the deadline was near.) The Mayor's response to benchmarking is essentially that New Orleans cannot be compared, and indicates no desire to understand the much higher per capita costs.