

**OFFICE OF INSPECTOR GENERAL
STRATEGIC PLAN
2010-2013**

January 31, 2010

I. INTRODUCTION

This Strategic Plan of the City of New Orleans Office of Inspector General (NOLA OIG) covers the period 2010-2013, and will be updated each year as the plan for the next fiscal year is created.

Strategic planning aims to identify missions and goals, and to develop priorities and strategies to accomplish missions and goals within limited resources. Strategic planning is a cyclical process that assesses performance and reconsiders operational methods and work plans in order to obtain desired results in a changing environment.

The purpose of this plan is to define the future direction of NOLA OIG activities. It sets forth the OIG mission, the risk assessments that determine OIG priorities, and strategies for accomplishing its goals within resource constraints. The strategic plan is a means to ensure that resources remain focused on the most important issues and to guide future resource decisions.

Missions of the Office of Inspector General

The missions of the City of New Orleans OIG are: to prevent and detect fraud, waste, and abuse; and to promote efficiency and effectiveness in the operations administered or funded by the City. The NOLA OIG finds facts and reports them independently.

The establishing ordinance creates a unique status in that the Inspector General, although under the general supervision of the Ethics Review Board, operates independently of the Board and the City's Executive and Legislative branches. The Office of Inspector General essentially reports to the public through periodic reports of its findings. The primary customers of the NOLA OIG are the Executive and Legislative branches of City government. However, the ultimate customers are the citizens and businesses who receive City services and pay City taxes.

II. RISK ASSESSMENT

The purpose of this assessment is to guide the OIG in its selection of projects and priorities for future work. It is neither a definitive analysis nor a balanced assessment. It is simply a listing of the concerns that guide OIG planning. These concerns originate from various sources, including elected officials, city employees, and prior OIG work.

Environment

The environment in which the NOLA OIG operates cannot be ignored. Although New Orleans' culture, food, music, and climate make it a great city, its problems are considerable and were made worse by Hurricane Katrina.

Infrastructure

Many of the City's streets are in poor condition, and many schools, police stations, fire stations, and community centers have not been re-built. Street signs and lighting are missing in some places.

Infrastructure is critical to economic development, and is a major concern of citizens.

Blight

Blight in the form of abandoned buildings was widespread before Katrina, which made a substantial addition to the inventory of eyesores.

Blight hinders economic development, and depresses the spirits of citizens and visitors alike. It is a major concern of citizens.

Crime

The causes of violent crime are many and complex and the problem is national in scope. However, New Orleans still ranks among the nation's most violent cities.

This reality hinders economic development, and affects the populace's sense of safety and security. Surveys have repeatedly shown that citizens consider it the City's top problem.

Policing in New Orleans is difficult and dangerous. Sometimes police engage in inappropriate behavior. Underlying distrust of the NOPD is fueled in part by the perception that police hassle law-abiding citizens or focus on minor misdemeanors rather than violent crimes. Many citizens also fail to report crimes, cooperate with police investigations, or testify in court, because they believe the NOPD is unwilling or unable to protect them from violent criminals.

Public Corruption

The problem of corrupt public officials is not at all unique to New Orleans, but Louisiana's national reputation is poor and well-deserved. In 2009 alone, a nearby Parish President and City Mayor have pleaded guilty to receiving gratuities from those doing business with their governments, a state court judge pleaded guilty to taking bribes, another judge was convicted of taking unauthorized reimbursements, still another was removed from the bench and a U.S.

District judge will likely be impeached for accepting gifts from lawyers arguing cases before him.

Since Katrina, a New Orleans City Councilman and the School Board President pleaded guilty to receiving bribes, and the City's U.S. Congressman has been sentenced to 13 years' imprisonment for corruption. The New Orleans Housing Authority's Section 8 voucher chief pleaded guilty to theft for using a section 8 voucher for himself, despite receiving a six-figure salary. The City's former Chief of Technology is currently under indictment for steering contracts to cronies, and other indictments implicate a former Council Member and Tax Assessor.

Public corruption hinders economic development, because legitimate businesses conclude they cannot compete with favored insiders. Public corruption steals from the taxpayers, and denies services to those who are usually the most vulnerable citizens.

Social Mistrust

According to Professor Michael Cowan¹, New Orleans is stuck in a social trap, defined as a situation where "individuals, groups, or organizations are unwilling to cooperate owing to mutual distrust..., even where cooperation would benefit all." As a consequence, he writes:

"The underlying social dynamic that has kept our city in steady decline... is a 'social trap'—the inability of government, business, and civic leaders to negotiate with integrity across racial, religious, and class lines to bring into being a city that works better and more equitably for all groups. In New Orleans, groups divided by ethnicity and class are caught up together in a downward spiral of chronic conflict over where we should be going and how to get there."

Further, "These chasms block trust in fellow citizens and investment in shared public life. They create incentives for those who can to secede from public involvement by making private arrangements for their health, education, and safety. That leaves those without the financial resources to fend for themselves in a city and state where waste, fraud, and abuse have long prevented all citizens, especially poor and working-class families, from receiving what they pay for and deserve from government. The result is a city where, in varying degrees, all live with declining opportunities in a climate of growing fear and distrust."

City Government

The risk assessment considers the universe of City programs and operations, and uses the following criteria in order of priority: (1) public safety or public health risk; (2) dollars of potential revenue and probability of production; (3) potential cost reductions, dollars of outlays

¹ Cowan, Michael A., "Elbows Together, Hearts Apart: Institutional Reform, Economic Opportunity, and Social Trust in Post-Katrina New Orleans," *Seattle Journal For Social Justice*, Vol. 7, Issue 1, 2008.

and weakness of controls; (4) widespread public concern; and (5) concerns expressed by City officials. The issues listed below represent the greatest concerns to the NOLA OIG.

Public Safety Risks:

The New Orleans Police Department's relationship with the citizenry may be adversely affected by police misconduct.

The City's Safety and Permits function may not efficiently and effectively enforce City health and building codes.

Potential Revenue Risks:

Hotel taxes may be underpaid.

Understated Property Tax assessments may result in underpayment of taxes.

The City's Finance Department may not collect all taxes due.

The City may have non-performing assets that should either be actively maintained and preserved or sold.

Potential Cost Reduction Risks:

Charges to the City for housing prisoners at Orleans Parish Prison may be higher than necessary.

The financial management system does not allow City managers to track revenues and expenditures on a timely basis, thereby precluding effective management.

The recovery program may risk loss of federal funding and waste of resources.

The City's Professional Services Contracts may lack sufficient oversight.

City contracts posing a high risk of fraud and/or waste are those that:

- (1) are awarded to firms involving felons convicted of contract-related corruption;
- (2) have not been subject to competition for more than 5 years;
- (3) have had numerous change orders or change beyond the original contract scope;
- (4) drew a limited number of bids or that were sole-sourced; or,
- (5) otherwise give the appearance of a conflict of interest.

Public Concern Risks:

Local and Small and Disadvantaged Business Enterprise sourcing programs may be ineffective.

Blight continues to exist on a large scale and in most areas of the City.

City streets largely remain in poor condition despite some repairs.

The mission and operations of the NOLA OIG are not well understood by the public.

III. STRATEGIES

The OIG strategy to prevent and detect fraud and abuse in City operations and entities is multi-faceted:

- (1) To conduct Fraud Awareness seminars with City employees and contractors;
- (2) To conduct computer-based analyses to identify potential fraud indicators;
- (3) To screen all new contract proposals exceeding \$15,000 in value;
- (4) To monitor *continuously* high-risk City contracts; and,
- (5) To conduct investigations into allegations or indications of fraud and abuse, and to refer credible evidence of fraud or abuse to prosecutors and City officials, as appropriate.

The OIG strategy to promote efficiency and effectiveness is to review those areas of City operations or programs that may offer opportunities to improve public safety, to increase City revenues, to reduce City expenditures, to bring about fairness for all citizens, and to address widespread public concerns.

IV. RISK MITIGATION ACTIVITIES

The projects listed below are intended to mitigate the risks shown above. Their order reflects their relative priority and OIG resources. The schedule of OIG activities will be reviewed and modified each year as circumstances warrant.

Major projects completed in 2009 include a Review of the Crime Camera program, Review of the 2009 Budget Process, and Review of the Municipal Auditorium proposal and contract. OIG investigators played a key role in the indictments of the City's former technology chief and a vendor to the City. In addition, an Audit of the City's Management of Sanitation Contracts has been completed and was provided to the City for its review and comment on February 1, 2010.

2010 OIG ACTIVITIES

Program Evaluation

- Review Professional Services Contracts with MWH Americas, Disaster Recovery Consultants, Vision IT, and Beveridge & Diamond.
- Evaluate the City's requirement to house prisoners at Orleans Parish Prison.
- Review Local Small and Disadvantaged Business Enterprise program.
- Conduct follow-up on crime camera review.

Audits

- Audit Hotel Tax payments.
- Audit the City's cost of housing prisoners at Orleans Parish prison.
- Audit results of Economic Development Fund investments (2007-2008).
- Conduct follow-up on prior audits.

Contract Oversight

- Screen new contract proposals to assess risk level.
- Monitor high-risk contracts, including conducting audits and/or inspections.

Counter Fraud

- Conduct Fraud Awareness seminars for City employees and contractors.
- Conduct counter-fraud analyses and related activities.
- Conduct investigations and refer evidence to appropriate prosecutors.

Legislative Review

- Review legislation and regulations, both pending and existing, and make recommendations relating to fraud and abuse, or efficiency and effectiveness, in City programs and operations.

Police Monitor

- Implement and operate the Office of the Independent Police Monitor.

Public Outreach

- Conduct Outreach Program explaining the OIG mission and operations.

2011-2013 OIG Activities

- Review the City's management of the recovery program.
- Review the City's use of bond proceeds.
- Review Property Tax Assessments.
- Review the City's management of immovable assets.
- Review the City's code enforcement function.
- Review the City's blight reduction program.
- Review the City's street construction and repair programs.
- Review the City's financial management system.
- Review the City's Information Systems.
- Audit Sewage & Water Board fee collections on behalf of and remittance to the City.
- Audit the City payroll.
- Audit the completeness and accuracy of Municipal Court fees remitted to the City.
- Audit the airport taxicab fees remitted to the City.
- Audit results of contracts and agreements entered into in 2004.
- Conduct follow-up of prior audits and reviews.

Contract Oversight

- Screen new contract proposals to assess risk level.
- Monitor high-risk contracts, including conducting audits and/or inspections.

Counter Fraud

- Conduct Fraud Awareness seminars for City employees and contractors.
- Conduct counter-fraud analyses and other activities.
- Conduct investigations and coordinate with appropriate prosecutors.

Legislative Review

- Review legislation and regulations, both pending and existing, and make recommendations relating to fraud and abuse, or efficiency and effectiveness, in City programs and operations.

Police Monitor

- Operate the Office of the Independent Police Monitor.

Public Outreach

- Conduct Outreach Program explaining the OIG mission and operations.

V. VISION AND GOALS

The vision of the NOLA OIG is: TO BE AN ORGANIZATION THAT SERVES ALL THE CITIZENS OF NEW ORLEANS – ONE THAT MAKES A POSITIVE DIFFERENCE IN THE INTEGRITY, EFFICIENCY, EFFECTIVENESS, AND FAIRNESS OF CITY GOVERNMENT.

The OIG vision is to serve its clients as constructive critic, helpful advisor, and positive change agent. While maintaining our independence, we intend to work in a cooperative fashion with others to improve governance of the City of New Orleans.

Our aim is to deter those who would defraud or abuse, and failing that, cause them to be held accountable for their misconduct. Similarly, we aim to make a material contribution to government efficiency and effectiveness -- to make a positive difference in the delivery of City services to the citizens.

VI. GOALS

The OIG is an oversight organization and accomplishes its missions principally through audits, evaluations, investigations, and other fact-finding and reporting activities. OIG mission effectiveness is achieved by:

- Focusing OIG activities on the right issues at the right time (**goal: relevance**);
- Performing the work credibly (**goal: credibility**); and,
- Reporting the results of our work in a manner that achieves maximum impact and encourages expeditious action (**goal: communication**).

We believe that these broad goals, if accomplished, represent the best performance possible by an OIG.

VI. PERFORMANCE MEASURES

One or more sub-goals are presented for each goal, and performance measures and validation means are identified for each.

GOAL: RELEVANCE – OIG resources are directed to the issues of greatest concern in time to be useful.

SUBGOAL 1: Importance – The right issues are selected for review.

Performance Measures:

- Strategic plan assessed risks for the universe of City of New Orleans responsibilities and

- operations. (Y/N)
- Planning process solicited the concerns of the City Administration and City Council members, and considers public concerns. (Y/N)
- Resources were assigned according to priorities based on a risk assessment. (Y/N)

Validation Means: Review of plans with the City Administration, City Council members, and community groups.

SUBGOAL 2: *Timeliness* – OIG reports are delivered at the right time.

Performance Measures:

- Percentage of assignments completed by assigned deadline.
- Administration and City Council views of timeliness of OIG reports.

Validation Means:

- Internal review of assignments.
- Customer satisfaction surveys.

GOAL: CREDIBILITY – Reviews are performed by independent staff of sufficient competence to achieve review objectives, and in accordance with professional standards.

SUBGOAL 1: *Independence* – OIG staff is organizationally and personally independent.

Performance Measures: IG Certification of Independence in all final reports. (Y/N)

Validation Means: Identification of exceptions (if any).

SUBGOAL 2: *Competence* – OIG staff possesses the knowledge and skills to achieve the objectives of OIG reviews.

Performance Measures:

- Percentage of professional staff with advanced degrees.
- Percentage of staff meeting continuing professional education requirements.
- Percentage of audit and investigative staff with national certification.

Validation Means: Review of personnel and training records.

SUBGOAL 3: *Methodology* – The methodology employed meets professional standards and is appropriate to review objectives.

Performance Measures:

- Percentage of reviews meeting applicable professional standards.
- Percentage of draft findings sustained in final reports.

Validation Means:

- External Peer Review.
- Review of OIG reports.

GOAL: COMMUNICATION – Findings and recommendations reported achieve maximum impact and encourage corrective action.

SUBGOAL 1: *Quality*: Information presented is accurate and complete; findings identify underlying causes of reported problems; and recommendations are effectively communicated to decision makers.

Performance Measures:

- Instances of factual errors or material omissions in final reports.
- Percentage of recommendations accepted.

Validation Means:

- Identification of exceptions.
- External Peer Review.
- Review of responses to recommendations.

SUBGOAL 2: *Form and Content* – OIG reports meet all form and content expectations established by City ordinance and professional standards.

Performance Measures: Instances of failure to meet or satisfy form and content requirements.

Validation Means:

- Identification of exceptions.
- External peer review.