

# Annual Work Plan

## 2023

September 1, 2022



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Inspector General

## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>3</b>
	Overview .....	3
	Mission of the Office of Inspector General .....	3
	Vision of the Office of Inspector General.....	4
<b>II.</b>	<b>RISK CATEGORIES, METHODOLOGY AND ACCEPTANCE .....</b>	<b>5</b>
	Categories.....	5
	Compliance Risk .....	5
	Financial Risk.....	5
	Operational Risk.....	5
	Reputational Risk .....	5
	Methodology.....	6
	2023 Work Plan Limitations.....	8
<b>III.</b>	<b>RISK RESULTS AND ENTITIES .....</b>	<b>9</b>
	Department of Finance .....	9
	Department of Information Technology And Innovation (ITI) .....	9
	Department of Public Works (DPW) .....	9
	Department of Sanitation .....	10
	Edward Wisner Foundation.....	10
	Equipment Maintenance Division (EMD).....	10
	New Orleans Police Department (NOPD) .....	10
	Orleans Parish Communications District (OPCD) .....	10
	Orleans Parish Sheriff's Office (OPSO) .....	11
	Orleans Parish Hospital Service District – District A .....	11
	Sewerage & Water Board of New Orleans (S&WB) .....	11
	Corruption .....	11
<b>IV.</b>	<b>PROJECTS .....</b>	<b>12</b>
	Projects Underway .....	12
	Proposed Projects Starting in 2023.....	12
	Department of Code Enforcement .....	12
	Department of Equipment and Maintenance.....	12
	Department of Safety and Permits.....	12
	New Orleans Police Department .....	12
	Orleans Parish Communications District .....	13
	Orleans Parish Hospital Service District- District A.....	13
	Orleans Parish Sheriff's Office.....	13

	Sewerage and Water Board of New Orleans.....	13
	Public Corruption.....	13
<b>V.</b>	<b>QUALITY ASSURANCE AND QUALITY CONTROL .....</b>	<b>14</b>
	Quality Assurance – Peer Review .....	14
	Quality Assurance – Citizen Review.....	14
	Quality Control.....	14

## I. INTRODUCTION

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### OVERVIEW

The City of New Orleans Office of Inspector General's (OIG) Annual Work Plan (2023 Work Plan) covers the period from September 1, 2022 through August 31, 2023. The 2023 Work Plan is a rolling 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 component entities.

The 2023 Annual Work Plan is based upon the results of our City-wide Risk Assessment, along with the timely and relevant assessment of several high-profile local events and related responses. The purpose of the 2023 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 these 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 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, 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 while maintaining a work environment conducive to productivity, efficiency and mutual respect.

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

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The OIG utilized the results of the 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. Managing risk is a vital part of creating a secure and resilient operating environment within City operations. This is accomplished by identifying potential threats and utilizing a formula to calculate current as well as emerging risks.

### **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 agency is not complying 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 whose total expenditures could not be determined;
- Entities who receive General fund and/or Non-General fund revenue from the City that was \$10 million or greater;
- Entities with expenditures of \$10 million or greater, except for:
  - a. Intergovernmental affairs; and
  - b. Entities outside of the OIG's jurisdiction.

Based on these criteria, 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 the four risk categories discussed above. For the 2023 Risk Assessment, the OIG reviewed data related to departments and updated risk categories as needed to provide current assignments. The following graph depicts the overall approach taken in creating this Risk Assessment.

### 1. Information Gathering and Scoping

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

### 2. Risk Identification and Analysis

- Request and review survey responses from City entities regarding their assessment of risk.
- Interview various city officials, department executives and designated staff to obtain various points of view regarding risks.

### 3. Development and Vetting of Proposed Plan

- Develop the proposed Work Plan based on interviews, risk assessment, resource availability, and budget.

### 4. Next Steps

- Formalize and distribute the Annual Work Plan in accordance with the New Orleans City Code of Ordinances, Article XIII, Section 2-1120 (17).



## **2023 WORK PLAN LIMITATIONS**

Because the OIG cannot address every risk, it is important to clearly communicate to City officials and external stakeholders the limitation of the 2023 Workplan.

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 2023 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 Workplan 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 needs of the City.

### III. RISK RESULTS AND ENTITIES

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**D**uring 2022, 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. There are concerns about the Department of Finance following its required bidding procedures as illustrated by issues raised in the handling of the “Smart Cities” project.

#### **DEPARTMENT OF INFORMATION TECHNOLOGY AND INNOVATION (ITI)**

The Office of Information Technology and Innovation facilitates effective, cost efficient use of technology by spearheading the assessment and deployment of technology-based business management solutions, and service delivery strategies. In April 2021, the City issued a request for proposals (RFP) for broadband connectivity with the aim of improving services, promoting economic development and bridging the digital divide. Allegations of bid rigging prompted the New Orleans City Council to launch a full investigation into the bidding process and to block a proposal for the City to proceed with a one-year pilot for the “Smart City” project.

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

The DPW and Sewerage and Water Board are coordinating a comprehensive \$2 billion program using a combination of local and federal funds to restore the City’s damaged infrastructure. The program, encompassing more than 200 projects and consisting of 400 miles of roadway, includes significant FEMA-funded roadwork that must be completed by the July 2023 FEMA deadline. DPW has recently acknowledged it has not been able to meet project timelines in order to complete all projects by the deadline, leaving many New Orleans neighborhoods impacted by stalled construction projects. In addition, the City risks losing hundreds of millions of dollars of FEMA funding for projects not completed by the 2023 deadline if an extension is not approved.

## **DEPARTMENT OF SANITATION**

The Department of Sanitation is responsible for garbage collection, disposal, recycling, and street cleaning, and other associated tasks. This must be done in compliance with all laws and regulation imposed by local, state and federal laws for solid waste collection and disposal. In recent years, the Department of Sanitation came under fire for its inability to handle garbage collection during the COVID-19 pandemic and in the wake of Hurricane Ida. A shortage of workers left garbage piled in the streets of New Orleans for an excessive amount of time. Additionally, the City's handling of emergency garbage hauling contracts and the selection process for a new garbage vendor has been criticized.

## **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 specification, coordinating acquisitions, and providing fuel. In 2016, the OIG published an evaluation that found EMD lacked sufficient oversight, policies, and documentation for the use of City vehicles. Earlier evaluations also found weaknesses in controls for fuel receiving and dispensing.

## **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 NOPD was not in compliance with best practices for evidence rooms. New Orleans is experiencing a spike in violent crime, and NOPD has a manpower shortage due to its challenges with recruiting and retaining police officers.

## **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. There have been concerns about the reliability of the call center's operations, including concerns raised in a lawsuit about OPCD's bidding process.

OPCD challenged the OIG’s jurisdictional authority in Civil District Court and lost. In 2021, the OIG’s jurisdictional authority was confirmed by the Fourth Circuit Court of Appeals.

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

OPSO is responsible for managing the Orleans Justice Center and has been under federal consent decree since 2013. In 2016, a federal judge transferred operational control of the facility to a compliance director who reports to the court rather than the Sheriff. OPSO also has a long and well-documented list of issues, including inmate deaths, drugs in jail, and expensive contracts.

### **ORLEANS PARISH HOSPITAL SERVICE DISTRICT – DISTRICT A**

The Orleans Parish Hospital Service District – District A was created to deliver a full-service hospital to New Orleans East in the wake of Hurricane Katrina. In 2014, the City entered into a Cooperative Endeavor Agreement with Louisiana Children’s Medical Center to manage and operate the City-owned hospital.

In 2020, the District received COVID-related relief funding totaling \$17,044,579. Under the CARES Act, the District also received \$4,265,094 in advances under the Medicare Accelerated and Advance Payments Program (AAPP).

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

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 improvements, and technology implementation, along with an overall negative public image. In recent years, the S&WB has reported significant losses, in part due to failure to collect on disputed or delinquent bills.

### **CORRUPTION**

Fraud and corruption are perennial concerns at the City. Regrettably, the City has a well-documented history of corruption. A lack of internal controls, insufficient processes and outdated technology at many departments and agencies create opportunities for fraud. The City’s decentralized structure with more than 100 outside boards and commissions also creates the potential for a lack of accountability and transparency in these silos.

## **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.*

- Orleans Parish Communications District Credit Cards Performance Audit (2022)
- Safety and Permits: City Employee Inspections (2022)
- City Employee Time and Attendance Reporting (2023)
- NOPD Response to Violent Crimes (2023)
- Edward Wisner Foundation (Ongoing)

### **PROPOSED PROJECTS STARTING IN 2023**

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**

- Citizen Complaint Processing

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

- Fleet Management Follow-up
- Fuel Dispensing Follow-Up

#### **DEPARTMENT OF SAFETY AND PERMITS**

- Short-Term Rental Program Oversight

#### **NEW ORLEANS POLICE DEPARTMENT**

- Police Officer Recruitment and Retention

#### **ORLEANS PARISH COMMUNICATIONS DISTRICT**

- Call Center Operations

#### **ORLEANS PARISH HOSPITAL SERVICE DISTRICT- DISTRICT A**

- Review of Expenditures

#### **ORLEANS PARISH SHERIFF'S OFFICE**

- Review of Sheriff's Office Details

#### **SEWERAGE AND WATER BOARD OF NEW ORLEANS**

- Review of Customer Billing and Collections

#### **PUBLIC CORRUPTION**

- Conduct Fraud Awareness seminars for employees and contractors
- Conduct investigations and refer evidence to appropriate prosecutors

## **V. QUALITY ASSURANCE AND QUALITY CONTROL**

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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 New Orleans Office of Inspector General Audit & Review Division, Investigations Division, and Inspections & Evaluations Division.

The peer review assesses the OIGs internal policies and procedures to ensure continued compliance with Generally Accepted Government Auditing Standards (Yellow Book) and the AIG Principles and Standards for Offices of Inspector General (Green Book).

### **QUALITY ASSURANCE – CITIZEN REVIEW**

Every year, the Mayor, City Council, and ERB are responsible for appointing a committee of three citizens to review the published work products of the OIG from the preceding year. The last Quality Assurance Review was conducted in May 2021.

### **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 for City employees and the public.
- Provide guidance and best practices to publicly funded boards through the OIGs 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 OIG employees to disclose and mitigate potential conflicts of interest.

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

**STRATEGIES:**

- Require staff employees to obtain the continuing professional education required to maintain their professional 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 of 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 projects.*

**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 City ordinance and professional standards.*

**STRATEGIES:**

- Review reports to ensure all information required by 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.