



CITY OF NEW ORLEANS ETHICS REVIEW BOARD

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<https://www.nolaerb.gov/>

BOARD MEETING

Monday, September 23, 2019

3:30 P.M. – 5:30 P.M.

City Council Chamber, New Orleans City Hall
1300 Perdido Street, New Orleans, Louisiana 70112

AGENDA

1. Approval of minutes of previous board meetings (Chair).
2. Discussion of monthly report from the Office of Inspector General (Chair).
3. Discussion of OIG 2020 Work Plan (Chair).
4. Discussion of monthly report from the Office of Independent Police Monitor (Chair).
5. Discussion of monthly report from the Ethics Trainer (Chair).
6. Discussion of proposed extension to Ethics Trainer contract (Chair).
7. Report of Executive Administrator and General Counsel (Chair).
8. Discussion and vote on ERB appointment of members to (1) the Quality Assurance Review Advisory Committee for the Office of the Inspector General; and (2) the Quality Assurance Review Advisory Committee for the Office of the Independent Police Monitor. Discussion of requesting appointments from Mayor and Council.
9. Report on ethics awards program and vote on awards committee members (Chair).
10. Report on periodical review of ERB Rules (Calderon).
11. Adjournment (Chair).

**Draft Minutes of
Previous Board
Meeting**



Ethics Review Board for the City of New Orleans

Board Meeting of August 26, 2019 at 3:30 P.M.

**City Council Chambers, New Orleans City Hall
1300 Perdido Street, New Orleans, Louisiana 70112**

Minutes

1. *Call to Order.*
 - 1.1. Board members present:
 - 1.1.1. James Brown (Chair for first part of the meeting).
 - 1.1.2. Elizabeth Livingston de Calderon.
 - 1.1.3. Michael Cowan.
 - 1.1.4. Monique Gougisha.
 - 1.1.5. Joe Ricks (Chair for later part of the meeting).
 - 1.1.6. Howard Rodgers.
 - 1.2. Board members absent: None.
 - 1.3. Staff member present: Dane S. Ciolino, Executive Administrator and General Counsel.
 - 1.4. At 3:45 p.m., the Chair declared that a quorum of the board was present and commenced the meeting.
 - 1.5. The agenda for the meeting is attached.
2. *Changes to Board Membership.*
 - 2.1. Acknowledgment of resignation of Board Member Brandon Boutin.

- 2.1.1. Mr. Brown noted that Brandon Boutin resigned effective today to accept another position within city government.
 - 2.1.2. The Chair and the Board thanked Mr. Boutin for his service.
 - 2.2. Acknowledgment of appointment of Monique Gougisha.
 - 2.2.1. Mr. Brown noted the appointment of Monique Gougisha.
 - 2.2.2. The Chair and the Board welcomed Ms. Gougisha to the Board.
3. *Approval of the Minutes.*
 - 3.1. The Board unanimously approved the minutes for the May 29, 2019, Board Meeting.
 - 3.2. The Board unanimously approved the minutes for the June 24, 2019, informal meeting of the Board (no quorum was present for this meeting).
4. *Election of 2019-2020 ERB Officers.*
 - 4.1. Mr. Cowan nominated the following slate of officers:
 - 4.1.1. Joe Ricks, Chair.
 - 4.1.2. Howard Rodgers, Vice-Chair.
 - 4.1.3. Elizabeth Livingston de Calderon, Secretary.
 - 4.2. Mr. Cowan's nomination was seconded by Mr. Brown.
 - 4.3. The Board voted and unanimously elected the slate as nominated.
 - 4.4. Mr. Ricks took over as chair of the meeting.
 - 4.5. Mr. Ricks thanked Mr. Brown for his service as Chair.
5. *QARAC for IPM Report.*
 - 5.1. Mr. Brown summarized the report (attached). The Board discussed the report.
 - 5.2. The Board thanked the committee for its excellent work.
6. *Discussion of Reports of the Office of the Independent Police Monitor.*
 - 6.1. Mr. Cowan asked for an update data access. Ms. Hutson responded that there is now access to most data, although her office still needs better access to INSIGHT data. She plans to meet with the chief about this issue in the weeks to come.

- 6.2. Mr. Ricks asked Ms. Hutson about measures of effectiveness. Ms. Hutson responded that there are not rigorous standards at present, but that she hopes that the national association will look into this. The problem is that cities differ widely on standards. Mr. Ricks suggested retaining qualified analysts to study the data. Ms. Hutson agreed that doing so would be a good idea, but that there are funding issues.
- 6.3. The OIPM presented its annual report (attached) with Ms. Susan Hutson, Ms. Stella Cziment, Ms. Jules Griff, Ms. Bonycle Sokunbi, and Mr. Arnold as presenters.
 - 6.3.1. Mr. Rodgers queried Mr. Arnold about obtaining reasons from the police officers for use of force, and particularly use of weapons. Mr. Arnold responded that that information is gleaned from police reports and arrest data from the sheriff.
 - 6.3.2. Mr. Brown asked Ms. Cziment about changes and improvements in the mediation process. He emphasized the importance of the program and that the Board would like to see more mediations.
 - 6.3.3. Mr. Cowan asked Ms. Hutson if she was happy with achieving goals. She responded “yes” but wants to better track long term goals and NOPD improvements.
 - 6.3.4. Mr. Ricks asked why mediations failed and why some people were dissatisfied with mediations. Ms. Griff responded that the office needs to better manage expectations.
 - 6.3.5. Mr. Cowan moved to accept the annual report. The motion was seconded. The motion passed unanimously and the Board accepted the report.
- 6.4. The OIPM presented its monthly report (attached).
 - 6.4.1. The report speaks for itself, but of note was a rise in the number of mediations.
 - 6.4.2. Mr. Cowan moved to accept the monthly report. Ms. Calderon seconded the motion. The Board unanimously accepted the report.
7. *Report of the Office of Inspector General.*
 - 7.1. Mr. Harper presented his office’s monthly report (attached).
 - 7.1.1. Mr. Harper emphasized his office’s role in the investigation of Pascal Calogero, Jr.
 - 7.1.2. Ms. Calderon moved to accept the report. The motion was seconded. The Board unanimously voted to accept the report.

- 7.2. Mr. Harper presented his office's most recent report on the S&WB.
 - 7.2.1. Mr. Cowan noted that the S&WB presents the greatest risks to the safety and integrity of the city, even more than violent crime. He stated that civil service hiring policies are partly to blame because of low salaries and long application processes.
 - 7.2.2. Mr. Cowan asked why the S&WB has not hired a Chief Auditor. Mr. Harper responded that it is difficult to fill because of low salary and civil service rules.
 - 7.2.3. Mr. Brown noted that the problems at the S&WB and the need for an internal auditor are urgent. The office has a huge responsibility and budget. An internal auditor is needed to assess whether the office is "sick." He noted that there is "bureaucratic fiddling while Rome burns."
 - 7.2.4. Ms. Calderon asked whether the OIG could embed an auditor at the S&WB like the office did at the airport. Mr. Harper responded that it would be very difficult to do this. His office, however, is considering options other than embedding—he acknowledged that more OIG oversight would be ideal.
 - 7.2.5. Ms. Calderon asked why the report was not given to the ERB at the same time as it was given to the S&WB and the mayor. Mr. Harper said his policy is to allow the S&WB to respond first.
 - 7.2.6. Mr. Rodgers asked about whether Civil Service fell under the OIG's purview. Mr. Harper responded that it was, and his office would consider adding Civil Service to his risk assessment process.
 - 7.2.7. Mr. Cowan emphasized the urgency of improving the S&WB: "We need an emergency response" to the personnel and other issues.
 - 7.2.8. Mr. Cowan moved to accept the report. Mr. Rodgers seconded the motion. The motion passed unanimously.
8. *Report of the Ethics Trainer.*
 - 8.1. Ms. Toni Hackett presented her monthly report (attached).
 - 8.2. Ms. Hackett noted that she resumed trainings in July after getting state board certifications.
 - 8.3. Ms. Hackett noted that trainings will soon be conducted at the Mayor's Office, Law Department, and Finance Department.
 - 8.4. Ms. Hackett reported that she conducted trainings at the S&WB. She also noted that the S&WB wanted more training sessions.

- 8.5. Ms. Hackett discussed the feasibility of interdepartmental training. She noted that he tries to tailor programs to specific agencies and departments. She is not opposed to others attending, but she wants specialized programs to be the norm.
- 8.6. Mr. Ricks noted that he likes to see specific trainings.
- 8.7. Ms. Calderon noted that it would be good to post training syllabi and other materials on-line. Ms. Hackett agreed.
- 8.8. A motion was made to accept the report. The motion was seconded. The board unanimous accepted the report.
9. *Report of the Executive Administrator and General Counsel.*
 - 9.1. Mr. Ciolino reported on the status of the ERB website and new email server at GoDaddy.
 - 9.2. Mr. Ciolino reported on the status of revising the rules of procedure for the ERB.
 - 9.3. A motion was made to accept Mr. Ciolino's report. The motion was seconded. The board unanimously accepted the report.
10. *Awards Program.* Mr. Ricks deferred this item.
11. *Miscellaneous Issues.*
 - 11.1. The Board discussed the importance of complying with the Louisiana Open Meetings Laws in forming "committees" and appointing "project leaders."
 - 11.2. The Board expressed appreciation to Mr. Brown for his service to the Board.
12. *Executive Session.*
 - 12.1. On motion of Mr. Brown, which motion was seconded, the Board unanimously voted to go into executive session to discuss ERB Complaint No. 2019-02.
 - 12.2. The Board went into executive session.
 - 12.3. On motion of Mr. Brown, which motion was seconded, the Board unanimously voted to return to regular, public session. The Board unanimously approved the motion.
 - 12.4. Mr. Brown moved to refer ERB Complaint No. 2019-02 to the Louisiana State Board of Ethics. The motion was seconded. The Board unanimously voted to refer the matter.
13. *Adjournment.*
 - 13.1. A motion was made to adjourn the meeting. The motion was seconded.

- 13.2. The Board unanimously voted to adjourn.
- 13.3. The meeting was adjourned at 6:21 p.m.

* END *

**Monthly Report of
OIG**

Report to the Ethics Review Board
August 2019

System-wide Risk Assessment

Auditors and evaluators completed work on the risk assessment and identified proposed projects for the 2020 Annual Work Plan. The Work Plan is scheduled to be released no later than September 1st in accordance with the City Ordinance. The OIG executive team plans to meet with leaders from the entities that ranked highest on the list, discuss major concerns and matters to consider when defining and scoping proposed projects.

Audit & Review

In August, the Audit & Review division released the Sewerage & Water Board Internal Audit performance report. In addition to the risk assessment, the Audit & Review division has the following audits underway: Department of Public Works Catch Basins, Audubon Payroll Internal Controls, Audubon Purchase Cards and Expenses, and Audubon Disbursements.

Please see the attached project status spreadsheet for details.

Inspections & Evaluations

In addition to the risk assessment, the Inspections & Evaluations group has the following evaluations underway: Automated Traffic Enforcement Management and Operations, and S&WB Billing Dispute Resolution Process.

Please see the attached project status spreadsheet for details.

Investigations

The Investigations division received seven (7) complaints in August.¹ Six (6) were matters outside of the OIG's purview.

OIG Investigations Division cases:

- **Sentencing:**

The U.S. Attorney's Office for the Eastern District of Louisiana issued a press release in which it credited our office with providing assistance in the prosecution of former city employee Pascal Calogero. On August 7, 2019, Calogero was sentenced to 121 months imprisonment, five (5) years of supervised release, a \$5,100 special assessment fee and payment of restitution to the victim. Additionally, Calogero is required to register as a sex offender.

- **Indictment:**

The U.S. Attorney's Office for the Eastern District of Louisiana issued a news release in which it credited our office with providing assistance in the prosecution of a former city building

¹ As of August 27, 2019.

inspector, Kevin Richardson, who was federally charged in alleged bribery scheme. Richardson was charged on Thursday, August 15, 2019, by a Grand Jury sitting in the Eastern District of Louisiana in a one-count indictment with violating Title 18, United States Code, Sections 1952(a)(3) and 2, use of an interstate facility with intent to carry on unlawful activity. Specifically, he is accused of soliciting and accepting bribe money from individuals seeking favorable inspection reports and certificates of completion for properties that did not comply with the city and state building codes and for properties that had not been inspected. He also allegedly paid bribe money to a City of New Orleans permit analyst for the issuance of permits without proper documentation and plan review.

- **Case in Discovery Phase:**

The case alleging misappropriation of funds from the New Orleans Public Library Foundation by Irvin Mayfield and Ronald Markham is in the discovery phase. A trial is scheduled in federal court for January 2020.

Status Report for OIG Projects - Audit and Evaluations Division

Report Date: Friday, August 30, 2019

Project Number	Project Name	Project Phase *						
		Audit/Review	Planning	Fieldwork	Draft Report	Supervisory Review	Legal Review	IG Review
AD-15-0001	Audubon Payroll Internal Controls					X		
AD-15-0002	Audubon Purchase Cards and Expenses						X	
AD-15-0003	Audubon Disbursements					X		
AD-17-0002	DPW Catch Basin Project				X			
AD-18-0002	S&WB Internal Audit - Released 8/15/19							

Project Number	Project Name	Project Phase *						
		Inspections/Evaluations	Planning	Fieldwork	Draft Report	Supervisory Review	Legal Review	IG Review
IE-17-0005	Automated Traffic Enforcement Safety					X		
IE-18-0003	S&WB Billing Dispute Resolution			X				

Legend	Description
Planning	Background Research, Data Gathering , Initial Interviews, and/or Controls Assessment
Fieldwork	Data and Statistical Analyses, Interviews, Testing of Procedures, Onsite Obsevatons and/or Physical Inspections
Draft Report	Data/Statistical Reviews, Documentaries of Fieldwork Results, Initial Report Writing, Revisions and Internal QAR prior to supervisory review
Supervisory Review	Review by both Division Director and Deputy Inspector General to ensure sufficiency and appropriateness of evidence, fieldwork procedur and readability.
Legal Review	Report Review by In-house General Counsel and/or Contracted Counsel Services for appropriate and proper legal citations and/or interpre
IG Review	Report Review by Inspector General, based on corrections and recommended changes resulting from the Legal Review

* Project phase determination is based on the objective(s), scope, and methodolgy for each audit/evaluation project, and is not determined by a standard set of This phase will be decided based on the nature of work to be performed, and at the discretion of OIG management.

** Expected Release timeline for the report may be determined based on the start of the legal review process, and may be later reevaluated based on both the timing of the IG review, and the 30-day turnaround timeline for the release of the draft report to the client and the receipt of management responses.

Expected Release Timeline for Report**		
30 Days	60 Days	90 Days
		X

Expected Release Timeline for Report**		
30 Days	60 Days	90 Days

v.
es, proper conclusions, content, presentation
tations

hours and/or phase deadline.

**Monthly Report of
OIPM**

THE OFFICE OF THE INDEPENDENT POLICE MONITOR

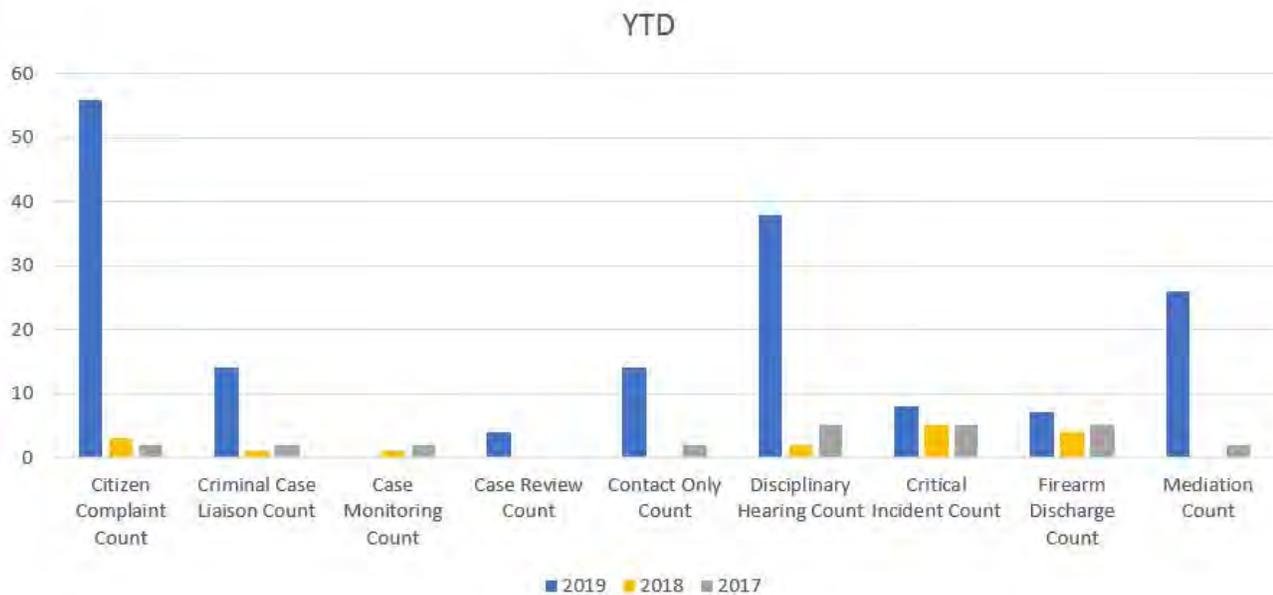


MONTHLY REPORT

AUGUST 2019

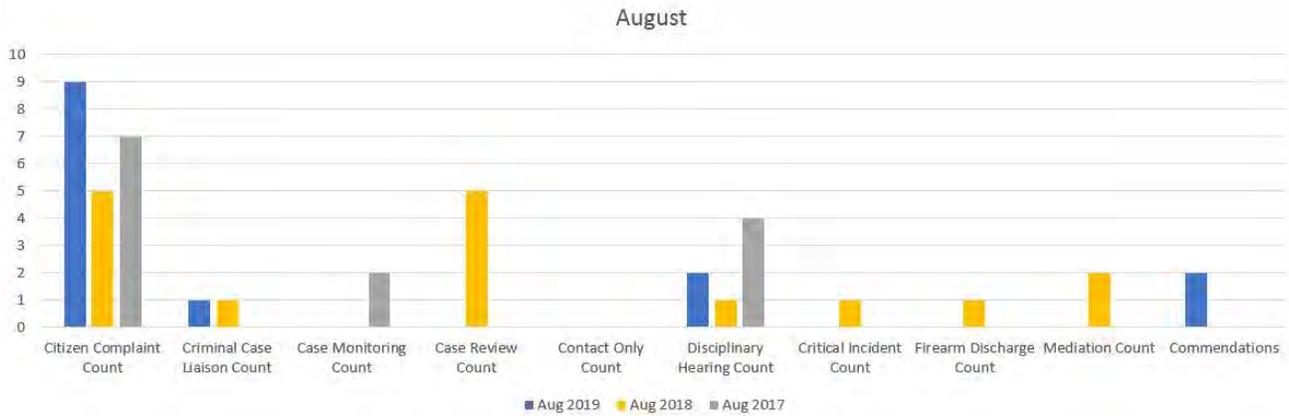
SUSAN HUTSON
INDEPENDENT POLICE MONITOR

Year to Date Overview



	2019	2018	2017
Citizen Complaint Count	56	3	2
Criminal Case Liaison Count	14	1	2
Case Monitoring Count	0	1	2
Case Review Count	4	0	0
Contact Only Count	14	0	2
Disciplinary Hearing Count	38	2	5
Critical Incident Count	8	5	5
Firearm Discharge Count	7	4	5
Mediation Count	26	0	2
Commendation Count	1	2	2
Grand Total	168	18	27

August Overview



	Aug 2019	Aug 2018	Aug 2017
Citizen Complaint Count	9	5	7
Criminal Case Liaison Count	1	1	0
Case Monitoring Count	0	0	2
Case Review Count	0	5	0
Contact Only Count	0	0	0
Disciplinary Hearing Count	2	1	4
Critical Incident Count	0	1	0
Firearm Discharge Count	0	1	0
Mediation Count	0	2	0
Commendations	2		
Grand Total	14	16	13

August Overview

COMPLAINTS – August (Received complaint in August)	
CC2019-0057 (Received 8/1)	Complainant witnessed the incident on Frenchmen Street where NOPD used force against a musician in a brass band and arrested him.
CC2019-0058 (Received 8/1)	Complainant alleges that a NOPD Commander and a Sergeant maybe engaged in some sort of an inappropriate relationship that results in the Sergeant receiving preferential treatment and being allowed to possibly violate certain NOPD and City policies.
CC2019-0059 (Received 8/7)	According to the complainant, on 8/7/2019 at approximately 11:00am, the complainant asked a young lady, Cassandra Gilds, 3x to remove herself from his property and she did not. He recorded the incident.
CC2019-0060 (Received 8/12)	NOPD Homicide detective believes she was demoted and transferred based on gender discrimination.
CC2019-0061 (Received 8/12)	Complainant stated he was assaulted by a security guard at the Exxon on St. Charles near Lee Circle and the police did nothing and did not issue a police report or item slip when complainant requested.
CC2019-0062 (Received 8/15)	The complainant stated that she reported to the NOPD officer assigned to her daughter's school that her daughter was jumped by individuals involved in an open criminal case that the complainant's daughter is a witness in. The complainant stated that the officer was nonchalant, unprofessional, and failed to take any action.
CC2019-0063 (Received 8/14)	Complainant alleges that he witnessed NOPD officers unlawfully separate a lady from her kids and arrest her.
CC2019-0064 (Received 8/6)	The complainant alleged numerous officers within the Fourth District failed to provide assistance or protection when she called multiple times over an extended of period of time about the continued stalking, harassing, and threats she received in violation of an active stay away order.
CC2019-0065 (Received 8/22)	Complainant, a street performer, stated that he was unlawfully arrested and given a summons while performing in front of Willie's Chicken Shack on Frenchmen and Chartres street.

August Overview

Criminal Liaison - August	
CL2019-0016	A street performer stated that he was unlawfully arrested and given a summons while performing in front of Willie's Chicken Shack on Frenchmen and Chartres street.

Disciplinary Proceedings - August (Received notification in August)	
DH2019-0037 PIB #2018-0524-R (received notification on 8/5/2019)	Officer is accused of driving a police vehicle while on duty and getting into a car accident while driving under the influence of alcohol.
DH2019-0038 PIB #2017-0720-P (received notification on 8/5/2019)	Officer is accused of committing an act of domestic violence while on duty against his partner and then being dishonest about the incident during the misconduct investigation.

Upcoming Reports and Presentations

Case Review Summaries: (Sept 2019)

- *Unity One Superintendent's Committee Hearing*
- *Unity One Use of Force Review Board*

Speaking Engagements: (Sept 2019)

National Association for Civilian Oversight of Law Enforcement
National Conference

- *Community-Police Mediation: The Power of Face-to-Face Dialogue, led by Mediation Program Director*
- *Addressing Use-of-Force Reform in the New Orleans Police Department, led by Deputy Monitor Tonya McClary*

Complaints and Discipline

OIPM serves as an alternative site for civilians and police officers alike to file complaints of misconduct against the NOPD. These complaints and allegations are compiled into referrals by the OIPM and provided to the Public Integrity Bureau (PIB) for them to investigate. The OIPM monitors and reviews the classification and investigation conducted by PIB. If the complaint continues into a disciplinary proceeding, the OIPM will continue to monitor and review the disciplinary process. OIPM monitors and reviews disciplinary proceedings conducted by NOPD to ensure accountability and fairness. The OIPM reviews the disciplinary investigation and attends the subsequent disciplinary hearings where the OIPM will provide systemic and individualized findings and recommendations based on NOPD's investigation. The OIPM conducts a thorough review of the proceedings, findings, and recommendations that is available for review by both the NOPD and the New Orleans community.

4

CITIZEN COMPLAINTS

16

**DISCIPLINARY
PROCEEDINGS**

0

**POLICE INITIATED
COMPLAINTS**



Community-Police Mediation

Mediation is an alternative to the traditional process of resolving complaints of police officer misconduct. Mediation is a process facilitated by two professionally-trained community mediators to create mutual understanding and allow the civilian and officer to be fully heard and understood in a non-judgmental way.

13

REFERRALS FOR MEDIATION

1

SCHEDULED FOR MEDIATION

8

PENDING CONSENT

1

MEDIATION OFFER DECLINED BY OFFICER

2

MEDIATION OFFER DECLINED BY CIVILIAN

“ This was a good opportunity to express my concerns of how things were handled with the officer. I learned not to categorize the entire department because of one officer’s mistake. The officer learned to take time to listen before acting. This program should continue. Please don’t stop!”

-Civilian Participant



“I liked the chance to talk and that the mediators were good listeners. The process turned out good.” - Officer Participant

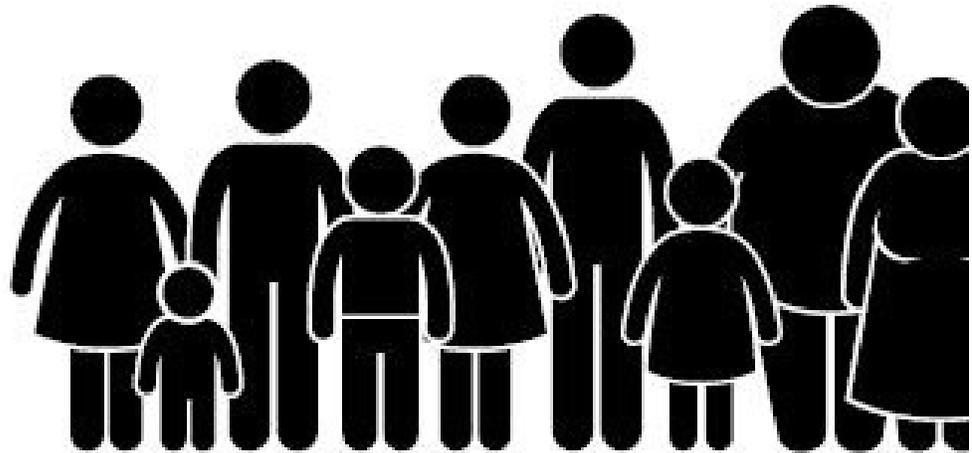
Community Relations

OIPM participates in community events to help extend the message the of OIPM and participates in activities to impact the nature of the relationships the community has with police officers. OIPM is committed to being present in the community, but also presenting helpful information to the public.

2

KNOW YOUR RIGHTS TRAINING

- Liberty's Kitchen
- Day Reporting Center



4

COMMUNITY MEETINGS

- MaCCNO and Street Performers Meeting
- NOPD and Second Line Parades Meeting
- NOPD Training Advisory Committee Meeting
- Community Meeting for Police Oversight in Port Allen, Louisiana

**Monthly Report of
Ethics Trainer**



September 18, 2019

ERB August Period (September 2019 report)

2018/2019 FOCUS

- *Training focus: Departmental liaison, Boards and Commissions, Senior Staff/Management*
- *Implementation of recommendations based on the 2018 “deep dive” study*
- *Ten to twelve sessions*

Implementation of Recommendations

8/27 - 1st planning meeting with Finance/Procurement to discuss new training framework with Director of Procurement, Deputy Director and Ethics Liaison

Trainings Completed

Trainings for the following. Date TBD

- NOLA BA, August 30 and September 20
- S&WB (2 sessions August 7)

Training Pipeline

1. Mayors Senior Staff – October 2019
2. City Council - October 2019 (scheduling)
3. Finance Specialized Training - Date TBD

Item 3

Annual Work Plan

2020

September 1, 2019



OIG NEW ORLEANS OFFICE OF
INSPECTOR GENERAL

Derry Harper Esq., CIG

TABLE OF CONTENTS

I.	INTRODUCTION.....	3
	Mission of the Office of Inspector General	3
	Vision of the Office of Inspector General.....	4
II.	RISK ASSESSMENT.....	5
	Assessment Categories	5
	Financial Risk.....	5
	Operational Risk.....	5
	Compliance Risk	6
	Reputational Risk	6
III.	RISK RESULTS AND ENTITIES	7
	The Sewerage & Water Board of New Orleans (S&WB)	7
	Orleans Parish Sheriff's Office.....	7
	Orleans Parish Communications District	7
	Department of Finance	8
	Department of Public Works	8
	Department of Sanitation	9
	New Orleans East Hospital	9
	New Orleans Fire Department.....	9
	Corruption	9
IV.	PROJECTS	10
	Projects Underway	10
	Projects Starting in 2020.....	11
	The Sewerage & Water Board	11
	New Orleans East Hospital	11
	New Orleans Fire Department.....	11
	The Department of Finance	11
	The Department of Public Works	11
	Public Corruption.....	11
V.	QUALITY ASSURANCE AND QUALITY CONTROL	12
	Quality Assurance – Peer Review	12
	Quality Assurance – Citizen Review.....	13
	Quality Control.....	13
	Goal # 1: To Prevent and Detect Fraud, Waste, and Abuse	14
	Goal # 2: To Focus OIG Activities on the Right Issues at the Right Time ..	14

Goal # 3: To Provide Credible and Accurate Reports 15
**Goal # 4: To Communicate Complete and Accurate Reports to the Citizens of
New Orleans, Agency Executives, and/or Those Charged with Governance 16**
Conclusion..... 16

I. INTRODUCTION

This Annual Work Plan of the City of New Orleans Office of Inspector General (OIG) covers the period from September 1, 2019, to August 31, 2020. It is the first part of a rolling two-year audit and evaluation Work Plan designed to allow greater flexibility and discretion in the timing and selection of projects to be completed during a two-year cycle.

Pursuant to the City Charter, the enabling Ordinance, and applicable professional standards, the OIG undertakes a planning process that identifies goals, priorities, and strategies, which align with our mission and vision while effectively using available resources. Work planning is a cyclical process by which OIG staff assess the performance of city departments and component entities in order to adjust the OIG work plan to reflect a changing environment.

The 2020 Annual Work Plan is based upon the results of a system-wide risk assessment project. The purpose of the Work Plan is to communicate OIG priorities and strategies to the public, the Mayor, the City Council, the Ethics Review Board, 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. We provide our reports, findings, and recommendations to the public, the Ethics Review Board, 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, and in many instances, assists in the investigation of the matters.

The OIG, as established in 2007 by City Ordinance, created a unique structural and operational framework that provides autonomy and independence from the City's Executive and Legislative branches while encouraging working cooperatively with the other branches of government. The Ethics Review Board (ERB) is responsible for the appointment of the Inspector General to a four year term but has no authority over OIG operations, including the selection and execution of audits, evaluations and inspections. However, the ERB does serve the critical function of providing oversight by meeting regularly to review OIG reports and activities. This organizational structure was designed to provide the public with reasonable assurance all OIG activities are conducted in an objective and independent manner.

VISION OF THE OFFICE OF INSPECTOR GENERAL

Our vision is to *preserve the public trust*. These four words embody who we are and reinforces our commitment to the citizens of New Orleans and to the community as a whole. To fulfill this vision, all activities and reports issued by the OIG meet the highest professional and ethical standards. For more than a decade, the OIG's prime objective was to demonstrate we were worthy of the trust placed in us by the people of this community. To earn this trust in the future, we must strive every day to achieve excellence in the performance of all of our duties and at all times do so with a steadfast commitment to integrity and accountability. By fulfilling this pledge, the OIG will continue to have a positive impact in the lives of the people we serve and preserve the bond of trust that is the foundation of achieving our vision and mission.

II. RISK ASSESSMENT

The purpose of a system-wide risk assessment is to guide the OIG in setting priorities in the selection of projects. Conducting a risk assessment benefits the public because it ensures that we spend taxpayer resources on projects that benefits the public.

ASSESSMENT CATEGORIES

In 2018, the OIG developed a new risk assessment framework to take a fresh look at city government operations. Risk in this context 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 new risk assessment framework starts with the budget and number of budgeted positions at city departments, agencies, and programs under OIG jurisdiction. Auditors and evaluators then performed detailed research about each entity, which included conducting surveys and interviewing leaders and other individuals within each organization. The risk assessment then analyzed these entities utilizing four categories: financial risk, operational risk, compliance risk, and reputational risk, factoring in potential impact to the organization.

FINANCIAL RISK

This category considers the likelihood of insolvency or financial instability within an organization, as well as the risk of fraud, waste, or corruption. It also includes an assessment of the risk that the organization does not adequately manage, maintain, or safeguard its physical assets.

OPERATIONAL RISK

This category considers the prospect of deficiencies in the entity’s operations, including improper or insufficient management/oversight, process and/or technological failures that could result in inefficiencies or liabilities for taxpayers. It takes into account that the agency lacks updated, well-documented policies and procedures to achieve the agency’s mission. Further, it assesses the staffing risk

that the entity does not have the right people in the right places with the right skills to fulfill the entity's purpose.

COMPLIANCE RISK

This category contemplates the risk that the agency is not complying with laws, regulations, or professional standards. This category allows for general consideration of tips to OIG about potential fraud, waste, and abuse based on knowledge of potential non-compliance.

REPUTATIONAL RISK

This category considers the decline in public trust that may occur when media reports and/or independent audits suggest dysfunction and instability about the organization. It also contemplates the external events that could impose necessary changes on an organization's operations, focus, priorities, or workload, such as a political change, legislative change, court decision, new regulations, or responses to natural disasters. This specific risk could prompt auditors and evaluators to look deeper when there are known problems at an entity.

This category also allows the OIG to consider the type and critical nature of services that an organization provides to the public. Issues that are essential to citizens are issues of concern to the OIG.

III. RISK RESULTS AND ENTITIES

During calendar years 2018 and 2019, auditors and evaluators conducted a comprehensive risk assessment of major city entities using the new framework. It is the first time that the OIG has conducted a citywide risk assessment since 2011. Based on the results from the risk assessment, the OIG has identified the following entities for further inquiry:

THE SEWERAGE & WATER BOARD OF NEW ORLEANS (S&WB)

The Sewerage & Water Board is the largest city governmental body outside of City Hall as defined by the City's Comprehensive Annual Financial Report (CAFR). According to the S&WB's 2018 operating budget, the water utility has \$234 million in operating revenue and \$302 million in operating expenses, leaving the S&WB with a projected operating loss of \$68 million.

The S&WB rates for consumers have been rising, yet its management of water, sewer, and drainage operations remains substandard. Further, the S&WB has systemic weaknesses in the areas of governance, infrastructure management, financial management, business processes improvements, and technology implementation, along with an overall negative public image.

Considering all these factors, the S&WB faces significant risks in all categories in the OIG risk assessment.

ORLEANS PARISH SHERIFF'S OFFICE

OPSO is responsible for managing the Orleans Justice Center. OPSO has been under federal consent decree since 2013 because of safety and operational problems at the jail, and progress toward compliance has been slow. 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 and well-documented list of problems, including inmate deaths, drugs in jail, and expensive contracts. OPSO has refused to cooperate and denied the OIG's requests for information.

ORLEANS PARISH COMMUNICATIONS DISTRICT

OPCD was created by State statute. It recently added responsibility for 311 work orders to its longstanding 911 emergency dispatch operations. The agency does not appear to operate under city policies nor an effective governance structure,

including reported weaknesses in internal controls relating to purchasing, disbursements, and cash management, along with reported changes in the technology platforms. Further, the City's 311 system went through wholesale changes when the operation was transferred to OPCD, creating new management and operational challenges for the Communications District.

DEPARTMENT OF FINANCE

The Department of Finance collects taxes and fees, manages the procurement of goods and services, and handles most financial management for the City of New Orleans. It is also a large department with a budget of \$62.3 million and 116 employees, according to the 2018 Adopted City Budget.

Approximately 34 percent of the City's general fund revenue, or \$219.7 million, derives from sales taxes, according to the city budget. City officials told OIG that historically, the Department of Finance did not have a "red flag" system for identifying businesses that may be underreporting their revenues, creating a risk that the City may not be collecting all of the sales taxes that are owed to it.

The Finance Department has recently implemented a new computer system known as the Enterprise Resource Planning System (ERP) that will consolidate many financial management functions and replace five antiquated computer systems, according to city documents about the ERP. If the implementation goes well, the City will be better able to budget and manage its resources, identify problems in tax collection and other areas, and operate more efficiently. However, implementing the ERP is a massive transition that requires software conversions and employee training, and such transitions have not always been effective.

DEPARTMENT OF PUBLIC WORKS

Streets are in poor condition in New Orleans. The City has an incredible opportunity to make necessary improvements through the multi-year, \$2.3 billion RoadWork NOLA program. However, there are many concerns about the effectiveness and efficiency of the program's design, which also requires significant contractor management skills. The DPW relies heavily on contractors and historically had challenges with managing contractor billings. Because the S&WB is a standalone entity outside of DPW's control, repairing streets requires

coordination with the S&WB. In recent years, DPW has also increasingly become a revenue center for the city with its curbside management responsibilities.

DEPARTMENT OF SANITATION

The Department of Sanitation manages waste contracts worth more than \$34 million. Because of the small number of employees and large size of the contracts, the risk of insufficient oversight and potential for fraud, waste and/or abuse activities are high. The department provides services that are essential to the public health and safety of the city, and is responsible for enforcing laws and regulations surrounding illegal dumping.

NEW ORLEANS EAST HOSPITAL

The NOEH opened in 2014 and is anticipated to become profitable in 2019. The City owns the facility, and it has been a vital economic driver in eastern New Orleans. However, any slippage in the management infrastructure could have a significant impact on the City of New Orleans and the eastern region of the city.

NEW ORLEANS FIRE DEPARTMENT

The Firefighters Pension Fund likely does not have enough money to pay its obligations in the medium- and long-term, and the City is required to provide funding for any shortfalls. There are two pensions in the fund: the pre-1968 “old” system and the “new” system. The new system was only 10 percent funded in 2016 and 2017, while the U.S. Government Accountability Office (GAO) recommends funding levels of at least 80 percent. The Fund has suffered from poor investment performance, and many investments are illiquid. The Fund missed audit deadlines and lacks appropriate controls. Furthermore, it has an unusually high rate of disability retirements. The condition of the pension raises questions about the effectiveness of its governance and investment policies.

CORRUPTION

Fraud and corruption are perennial concerns at the City of New Orleans. 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 created the potential for a lack of accountability and transparency in these silos.

IV. PROJECTS

The projects listed below implement the OIG’s strategy and are intended to provide essential information that entity managers could use to mitigate the risks identified in the assessment. The OIG’s work involves the evaluation of city programs and operations; doing so requires examining and reporting on the effectiveness of policy as implemented.

The Association of Inspectors General Green Book standards state that analyzing government operations and programs includes “making recommendations to improve programs, policies, or procedures.” These standards require that auditors and evaluators identify the root cause of deficiencies reported as findings and consider the impact of those deficiencies.

Sometimes, problems occur when organizations develop appropriate policies but are ineffective in their implementation. In other cases, an organization may implement a policy that may result in inefficient or ineffective operations. In the latter scenario, OIG staff examine the policy to determine flaws and recommend design improvements in hopes of bringing about better outcomes. .

The OIG will review and modify the schedule of activities as circumstances warrant during 2020.

PROJECTS UNDERWAY

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

- Audit of Catch Basins (2019)
- Evaluation of Automated Traffic Enforcement (2019)
- Evaluation of the S&WB Billing Dispute Resolution Process (2019)
- Audit of Audubon Credit Cards and Expense Reimbursements (2019)
- Audit of Audubon Payroll (2020)
- Audit of Audubon Disbursements (2020)

PROJECTS STARTING IN 2020

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 or actions beyond the control of the OIG, such as delays in receiving requested documents or management and staff turnover at the agencies under review.

THE SEWERAGE & WATER BOARD

- Roadway Repair and Restoration coordination with the Department of Public Works
- Infrastructure Funding Appropriations and Expenditures

NEW ORLEANS EAST HOSPITAL

- Revenue and Billing

NEW ORLEANS FIRE DEPARTMENT

- Firefighters Pension – Governance and Investment Strategies

THE DEPARTMENT OF FINANCE

- Hotel/Motel Tax Revenues – Short-term Rentals
- Job Order Contracts

THE DEPARTMENT OF PUBLIC WORKS

- Roadway Repairs and Restoration coordination with the S&WB (noted above)

PUBLIC CORRUPTION

- Conduct Fraud Awareness seminars for employees and contractors—
Investigations Division, ongoing
- Conduct investigations and refer evidence to appropriate prosecutors—
Investigations Division, ongoing

V. QUALITY ASSURANCE AND QUALITY CONTROL

The OIG is an oversight organization. We accomplish our mission primarily through audits, evaluations, inspections, investigations, and other fact-finding and reporting activities.

QUALITY ASSURANCE – PEER REVIEW

Every three years, a team of investigators, auditors, and/or evaluators from other inspector general offices comes to New Orleans to review the work performed by the OIG. The goal of this triennial peer review team is to determine if the OIG performed its work according to OIG policies and procedures, meets established professional standards of performance, and carries out its work economically, efficiently, and effectively. The external peer review process is critical to the OIG’s overall program of quality assurance, and provides the citizens of New Orleans a level of confidence that all OIG activities adhere to the highest standards of professional conduct.¹

In June 2018, the Association of Inspectors General (AIG) conducted a triennial peer review of the New Orleans Office of Inspector General Audit & Review Division, Investigations Division, and Inspections & Evaluations Division. The peer review team evaluated the work of the three divisions from January 1, 2015, through December 31, 2017. The peer review team assessed the work of the Audit Division to determine if it complied with Generally Accepted Government Auditing Standards (Yellow Book) issued by the U. S. Government Accountability Office (GAO). The peer review team also assessed the work of the Investigations and the Inspections & Evaluations divisions to determine if each division complied with the AIG Principles and Standards for Offices of Inspector General (Green Book).

The peer review team concluded unanimously that all three divisions “met all relevant AIG and GAO standards for the period under review.”² The peer review team also provided management with ten areas of distinction that highlighted the

¹ Quality assurance is an “evaluative effort conducted by sources external to the units/personnel being reviewed to ensure that the overall work of the OIG meets [professional standards].” Association of Inspectors General, “Quality Standards for Inspections, Evaluations, and Reviews by Offices of Inspector General,” *Principles and Standards for Offices of Inspector General* (New York: Association of Inspectors General, 2014), 22, <http://inspectorsgeneral.org/files/2014/11/AIG-Principles-and-Standards-May-2014-Revision-2.pdf>.

² AIG Peer Review Opinion Letter, Team Leader Flora Tran to Inspector General Derry Harper, June 11, 2018.

efficiency and effectiveness of existing policies and procedures. The peer review team further noted the following of our operations:

Lastly, we would like to commend the New Orleans Office of Inspector General on staying mission-focused and remaining steadfast in its duties. The sheet size of the governmental operations that your office oversees and your office's jurisdiction and responsibility are unparalleled by any other local government Inspectors General office. Your office is unique, and as Peer Reviewers, we had an insightful learning experience. We hope that you find our comments helpful and we look forward to continuing to support your organization's needs in the future.

QUALITY ASSURANCE – CITIZEN REVIEW

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

In 2019, a Quality Assurance Review Advisory Committee was appointed to review the OIG's work in 2018. This was the first time a QAR committee had been convened since 2015.

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 inform citizens of New Orleans, agency executives, and those charged with governance on how to prevent and detect fraud, waste, and abuse.

STRATEGIES:

- Conduct Fraud Awareness briefings and seminars.
- Conduct seminars with publicly funded boards based on 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 exceeding \$100,000 in value.
- Monitor high-risk City contracts.
- Conduct investigations into allegations or indications of fraud and abuse, and refer credible evidence of fraud or abuse to prosecutors and city officials, as appropriate.
- Provide fraud deterrence activities for the construction of the new terminal at Louis Armstrong International Airport until it opens in late 2019.

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 the universe of City of New Orleans and its component and satellite entities.
- Assign resources according to priorities identified in the risk assessment.
- Complete projects in a timely manner to provide relevant and timely reports.

GOAL # 3: TO PROVIDE CREDIBLE AND ACCURATE REPORTS

Objective 4: To ensure that staff are independent as they perform projects to achieve objectives in accordance with professional standards.

STRATEGIES:

- Remain organizationally independent as established by the City Charter.
- Require staff members to attest and certify their personal independence on each project.

Objective 5: To ensure that the OIG staff possesses sufficient knowledge and skills to achieve the objectives of OIG projects.

STRATEGIES:

- Require staff meet continuing professional education requirements.
- Require OIG staff have met minimum qualifications, including obtaining advanced degrees, prior work experience, and/or nationally recognized certifications for employment.

Objective 6: To ensure that the OIG develops and implements methodology in accordance with professional standards and the methodology is appropriate to achieve objectives.

STRATEGIES:

- Require staff to abide by policies and procedures developed by the OIG 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 and disseminate policies and procedures to all employees.

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

Objective 7: To involve agency executives and/or those charged with governance in all phases of 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 corrective action.

Objective 8: To ensure that OIG reports meet all form and content expectations established by city ordinance and professional standards.

STRATEGIES:

- All information required by city ordinance and professional standards.
- Provide clear and concise information and encourage agency executives to take appropriate corrective action.
- Provide reports free from professional and/or personal conjecture and bias.

CONCLUSION

The Annual Work Plan is designed to provide a framework for OIG projects and activities during a 12 month period. Due to several factors, it must be flexible in order to respond to changes in the risk universe.

We present this Work Plan in accordance with the applicable laws and professional standards and welcome comment and suggestions from all interested parties.

Item 6



**Ethics Review Board
2019-20 Ethics Training and Education Scope**

Facilitating Cultural Change

On October 13, 2015 , the New Orleans Ethics Review Board ("ERB") retained The Hackett Group to provide ethics training on its behalf, and to insure that public officials and employees not only meet but exceed the ethics training requirements contained in City and State statutes.

When the firm was initially engaged in 2015 by the Ethics Review Board, we focused on training around the State Ethics Code. The goal was to eventually move toward encouraging or developing or enhancing the ethics culture of City Government. In addition to the initial engagements and the deliverables associated with that, The Hackett Group will continue that effort.

The deep dive study we completed in 2018, relied on best practice research and employee feedback. The study revealed several recommendations for cultivating cultural change around ethical behavior. Several have been implemented including role playing, practicing ethical responses to common situations.

As a result of our efforts and the efforts of the Board, we have received requests for expanded training which go beyond the initial training focus, which focused on the Code of Governmental Ethics. These requests move this project closer to the goal initial envisioned – Facilitation Cultural Change within City Government regarding Ethics. Meeting these requests will require additional resources.

Below describes implementation of our basic training services as well as several other components which exceed the scope of our current contract.

Request

4th Contract Renewal: (5th year)

Term: October 13, 2019 – October 12, 2020

We are requesting a final renewal of our contract for initial contract amount. And because of the expanded scope for this final year, we are also requesting additional resources to accomplish the tasks and deliverables described below. The amount we are asking for is an additional \$15,000 for a total contract amount of \$65,000.



Deliverables and Activities

Basic 2018/2019 FOCUS

The Hackett Group will continue to provide the following;

1. Content and curriculum development, including new liaison development training component.
2. Additional LA certified ethics state training.
3. Delivery of Training to target audience, coordination of efforts of ERB members, City officials and employees and members of boards and commissions to secure participation in training sessions
4. Evaluation of all sessions delivered, and report results to ERB
5. Training focus: Departmental liaison, Boards and Commissions, Senior Staff/Management
6. Implementation of recommendations based on the 2018 "deep dive" study
7. Ten to twelve sessions

Basic/Initial Contract Price: \$50,000

Expansion of Scope Project Description

Expansion of Training – Implementation of several recommendations and new Initiatives based on 2018 deep dive study. The expanded scope of work includes increasing the number of training sessions to new employees, leadership and liaisons, new curriculum development and development of ethics ancillary or collateral material to be used by City departments and agencies.

Deliverables and Activities:

1. Assistance with Inaugural Ethics Awards roll-out
2. Facilitate Additional Meetings with Liaisons – 2-4 X per year – Focus on Leadership Training, Creating a cadre of ethics leaders
3. Curriculum Development - Targeted Training for Leadership and Management
4. New Employee Ethics Training – 2 x per year – This is especially focused on new employees that are also new to public service.
5. Development of New training Elements and collateral material
6. Adding a new trainer to the team, setting the stage for more robust and varied trainings and the ability to increase the number of trainings offered by the Board -

Expansion Project Cost: \$15,000

Total Renewal Request - \$65,000