

**Quality Assurance Review Advisory Committee
for the Office of the Inspector General**

Report for 2020

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In writing this report, we are mindful of the difficulties the Office of Inspector General (OIG) confronted in 2020. The OIG was forced to accommodate both the restrictions required by Covid 19 regulations and the turmoil inevitable in an unplanned transition in leadership.

We must, however, state that we continue to have significant concerns about the lack of productivity in the OIG as well as concerns about some of the 2020 reports and the 2020 Annual Report. The above members of the Quality Assurance Review Advisory Committee (QRC) submitting this Review of the Annual Report by the OIG for 2020 also authored the QRC Reviews of the OIG Reports for 2018 and 2019. Our 2018 and 2019 evaluations noted our serious concerns with the OIG's lack of productivity, and there was no improvement in 2020.

We must note that the Inspector General for those years—as well as the majority of 2020—departed that position on October 31, 2020, and the OIG released its four 2020 reports before Mr. Edward Michel became Interim Inspector General in November 2020. We very much wish Mr. Michel great success in this important position and hope that the OIG improves its productivity in 2021.

We outline our specific concerns below and also identify reports or sections of some reports that we feel deserve recognition for being well done.

I. Background: Purpose, Rules, Duties, and Powers

Article XIII of the Municipal Ordinance (hereafter, the “Ordinance”) establishes the OIG and states its purpose “is to establish a full-time program of oversight to prevent and detect fraud, waste, and abuse, and **to promote efficiency and effectiveness in city programs and operations.**” (Section 2-1120(2), (emphasis added). In terms of organizational structure, the Ordinance mandates the OIG to include, but is not limited to, a division of criminal investigations, a division of audit, a division of inspections, and a division of performance review. (Section 15 (b)).

The Ordinance requires the OIG to produce an annual report to the Ethics Review Board. (Section 2-1120(9)). According to Section (9), the OIG's annual report “shall include information on all matters undertaken, costs incurred, costs recovered, matters concluded, and any results. The report shall also describe accomplishments of the Office of Inspector General.” The extensive Authority, Duties, and Powers of the OIG, contained in Sections (10), (11), and (12), of the Ordinance are set forth as attachment 1 to this report.

Section 2-1120(16) of the Ordinance calls for a third-party advisory committee, the QRC, to undertake an annual quality assurance review of the OIG. That section provides that the QRC shall consist of a representative appointed by the City Council, who serves as chair of the committee, a representative appointed by the Office of the Mayor, and a representative appointed by the Ethics Review Board. To undertake the assurance review for the year 2020, the City Council appointed Harry Blumenthal, the Mayor appointed Ashley Barriere, and the Ethics Review Board appointed Bill Banta.

The Ordinance tasks the QRC with reviewing “[c]ompleted reports of audits, inspections and performance reviews.” (Section 2-1120(16)). The Ordinance requires the QRC to hold a public meeting where the QRC presents its written review. (Section 2-1120(16)(2)(ii)). The QRC must present its written review to the Inspector General at least fifteen calendar days before the public meeting.

II. Overview of the OIG’s 2020 Annual Report

- **Potential Savings:** In the Table of Contents the OIG asserts that it has “identified \$3,528,518 in potential savings to the City in 2020” but did not identify the source of these savings. (Report p. 2).
- **Mission:** In its Mission Statement, the OIG says it is all about promoting “efficiency in city government operations by preventing and detecting fraud, waste, and abuse.” (Report p. 5).
- **The OIG identified the four OIG Divisions and provided an overview of the OIG professional staff.** (Report p. 6-7).
- **OIG Funding and Expenditures:** Although the OIG’s budget was \$3,992,339 for 2020, the OIG expended \$2,876,868 during last year and had \$1,115,471 remaining in unspent funds. Those funds were by law returned to the City. (Report p. 8).
- **Inspections and Evaluations:**
 - **Evaluation – Sewerage & Water Board:** In its 2019 Annual Report, the OIG criticized the Sewerage & Water Board for various deficiencies. Although, in 2020, the OIG had planned to analyze and report on the Board’s well-known billing problems, it was unable to do so or determine its cause due to “irregularities with Sewerage & Water Board customer data.” Instead the OIG determined that “the process used by the Sewerage & Water Board to resolve billing disputes” was not in compliance with Louisiana law and otherwise flawed. A strategic plan for data management including a process for reporting and maintaining billing information was recommended.
 - **Management and Operation of the Traffic Camera Safety Program:** On January 30, 2020, the OIG released a report on the Traffic Safety Program which was favorably evaluated in the QRC’s Review for 2019. (See p. 6 of Report issued on May 11, 2020). In its Annual Report for 2020, the OIG

faulted management of the Program for failing to be aware of and correct the numerous problems which led to errors in issuing tickets and collecting fines. The OIG did not acknowledge that it had already included this report in its 2019 Annual Report.

- Audit & Review: The Audubon Commission
 - The OIG returned in 2020 to another subject of its 2019 Annual Report—the Audubon Commission—and released two reports on it.¹ In both audits, the OIG noted errors of commission and omission. (Report p. 11).
 - On September 15, 2020, the OIG released the first report on the Audubon Nature Institute’s Use of Funds Audit. The OIG conducted a performance audit on the Audubon Nature Institute’s use of funds for the period of January 12, 2012 through December 31, 2014. As part of the OIG’s conclusions, the OIG noted that the Audubon Institute expended \$416, 261 of Commission funds to pay for lobbying services and did not obtain sufficient documentation to support the services rendered and did not competitively purchase lobbying services or enter into a written contract with the lobbying firms.
 - On October 28, 2020, the OIG released its second report on the Audubon Nature Institute’s Payroll Audit. The OIG conducted a performance audit of the Audubon Nature’ Institute’s internal controls over the employee new hire, termination, payroll, and executive compensation processes. As part of the OIG’s conclusions, the OIG found that (1) the Audubon Institute used Commission funds to pay \$447,695 in bonuses and on-call pay to employees that may have violated the Louisiana Constitution, (2) the executive salaries were not comparable to other, similarly-sized organizations, and (3) there were \$831,461 in additional cash payments to executives, but it failed to require additional performance or duties in order to receive those additional benefits.
 - Both of these reports detail the relationship between the Audubon Institute and Commission and conclude that the Institute’s spending was subject to the same limitations and requirements imposed on all public funds.
- Investigations:
 - The OIG refers to three cases in which former persons connected to the City were convicted of crimes involving City money. (Report p. 12).
 - A current but incomplete matter receiving OIG attention in 2020 involves possible exploitation of citizens by contractors. This is a joint inquiry with LSLBC.

¹ See the QRC’s 2020 Review of the OIG’s 2019 Annual Report on this topic at pp. 5-6 of that Review.

- **OIG Work for 2021:** the OIG listed eight (8) proposed projects for 2021 that the OIG had outlined in its 2021 Annual Work Plan, published in September 2020. None of the identified projects were completed in 2020, the time period for this evaluation by the QRC. (Report p. 15).

III. Comments and Questions

1. Specific Reports:

- **Traffic Safety Program:** The OIG included this report in its 2019 Annual Report and explained that the report’s publication was delayed to 2020 due to a cyberattack and was otherwise completed in 2019.² Indeed, almost half of the costs savings identified in the 2019 Annual Report stemmed from that report.³ The QRC thus believes it is inappropriate to include the Traffic Safety Report again in the 2020 Annual Report, and as noted below, hopes that the potential savings were not included in the OIG’s 2020 identified savings. At the very least, the OIG should have acknowledged that it had included the report in last year’s Annual Report.
- **ROI-PMD Excessive Overtime:** The OIG released this report on May 7, 2020 but failed to include any discussion of this report in the Annual Report. This was likely an unintentional oversight. We however thought this was a well-done report. The subject matter was worthwhile in that the OIG investigated and reported on city waste and inefficiency within the Property of Management Department in 2018. It thus should have been included in the OIG’s body of work in the Annual Report, and we encourage the OIG to be sure to include all reports performed during the year in question in future Annual Reports as is required by the Ordinance, Section (9)(a).
- **Sewage & Water Board Dispute Resolution Process:** The QRC thought this was a good report given the limitations the OIG faced with the S&WB’s scant (and problematic) records on the issue. Given the controversy surrounding the S&WB’s faulty billing practices, the QRC believes it was an important undertaking for the OIG to investigate the program and did a thorough and good job with its investigation, analysis, and conclusions.
- **Audubon Commission Audits:** The QRC notes that the OIG highlighted the Audubon Institute’s inadequate procedures and also raised questions about executive compensation rates. The QRC, however, also notes that the Funds Audit focused on outdated data from 2012-2014 and questions how informative that data is in a 2020 report. It would have been worthwhile for the OIG to update the data it relied on. Moreover, the QRC notes that the allegedly wasted funds are disputed by the Audubon Institute so it is not clear whether they should qualify as “costs

² See OIG’s 2019 Annual Report, p. 13 FN 2.

³ The QRC noted in its 2020 Review of the OIG’s 2019 Annual Report that it seemed “odd that almost half of the 2019 costs savings identified stem from a report that was not technically published until 2020.” p. 8 FN 8.

saved” identified by the OIG.⁴ Finally, we question whether the OIG’s findings concerning Human Resource matters, including compensation, are fair and appropriate. Prior to reaching a conclusion of excessive executive pay, the OIG should demonstrate the compensation comparisons cover factors such as length of service and past accomplishments as well as pay amounts. Those factors seemed to be missing from the OIG’s executive compensation comparisons in its report.

2. **Productivity:** The QRC has serious concerns about the OIG’s productivity in 2020, as the OIG only produced five reports and one of those reports the OIG had counted in its prior Annual Report. Moreover, the matters investigated by the OIG in 2020 were essentially the same matters investigated by the OIG in 2019 or seemed to be continuations of those matters. It seems there are likely other targets, subjects, or organizations which could have been investigated to achieve greater efficiencies or eliminate fraud and waste than the Sewage & Water Board, the Traffic Safety Program, and the Audubon Commission. There is also very little substance to the “new” findings involving these three organizations in the 2020 Report compared to the 2019 Report.

That being said, the QRC acknowledges the departure of the prior Inspector General in October 2020. We are thus hopeful that the OIG’s new administration will usher in an era of greater productivity in 2021.

3. **Potential Costs Savings:** The OIG states that it identified over \$3.5 million in potential savings to the City in 2020 (Report p. 2), but the OIG fails to specify the sources of the alleged savings.⁵ As a result, it is unclear whether the OIG counts any money from the Traffic Safety Report towards the 2020 costs savings, which as noted above, the OIG included in its 2019 identified costs savings. The Ordinance requires the OIG’s Annual Report to present information on “costs recovered” (Section 2), so the QRC feels strongly that the OIG should include this information in the Annual Report and identify specifics underlying “costs recovered.”
4. **OIG Mission:** After stating its mission is to promote efficiency and detect “fraud, waste and abuse,” the OIG should explain how it accomplished these goals in 2020.
5. **Use of Allocated Budget:** The City allocated \$3,992,339 to the OIG and the OIG expended \$2,876,868 of that budget with \$1,115,471 remaining. Based on the productivity of the OIG in the year 2020, it does not appear that the \$2,87,868 was well spent, particularly given the City’s budget issues due to Covid-19. Perhaps more confounding is that the OIG failed to use its entire budget and produced an inconsequential number of reports. The City Council set the OIG’s budget as a relatively significant percentage of the City’s budget in recognition of the OIG’s

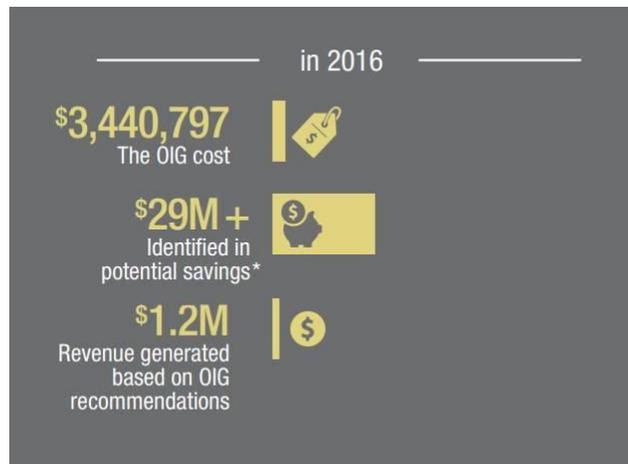
⁴ Since the OIG did not include the source of its costs savings for 2020, the QRC is not sure whether the funds identified in the Audubon Commission Audits were included as part of the costs savings.

⁵ As a comparison, the OIG included a breakdown of its costs recovered in Footnote 3 of its 2019 Annual Report. Given the importance of this information, the QRC suggested this information should be included “above the line,” but the OIG failed to include it at all this year. See QRC 2020 Review of the OIG’s 2019 Annual Report, p. 8.

importance in identifying fraud and waste for the City. Going forward, the QRC encourages the OIG to better use its assigned funds and to fully use those funds.

IV. Recommendations

1. For the year 2021, the QRC would like to see more productivity from the OIG and a diversity in investigated targets. There are other organizations within the City’s ambit that are worthy of investigation besides the Audubon Institute and the Sewerage & Water Board.
2. In future reports, the OIG should disclose the source of the “costs recovered.” **We also ask that the OIG provide a breakdown of the costs recovered in either its written reply to the QRC report or at the QRC’s public meeting scheduled for May 26, 2021.**
3. Similarly, we ask the OIG to provide an explanation as to why the OIG again included the Traffic Safety Program in its 2020 Annual Report, without any acknowledgment that it had already included the report in the 2019 Annual Report, and failed to include the ROI-PMD Excessive Overtime in its 2020 Annual Report.
4. We think it would be useful for the OIG to include in its Annual Reports a high-level breakdown of how its budget was allocated during the year.
5. Since the Ordinance requires the OIG to identify “costs recovered” and “costs incurred” in its Annual Report, the QRC suggests that the OIG include that information in one spot, like the OIG did in its 2016 Report:



This chart would not obviate the need to delineate the sources of costs savings, as outlined above. It would rather serve to show a quick snapshot of the OIG’s costs and costs recovered.

I. Conclusion

In closing, we want to reiterate that we recognize the OIG underwent a transition this year that likely impeded its productivity. The investigations and report the OIG did

produce—although few in number—were for the most part good work product that tackled important issues for the City.

That being said, in the context of 2020 being an extremely challenging year for the City’s budget, with shrinking revenues connected to reductions of costs affecting numerous programs and personnel (including police), the allocation of almost \$4,000,000 to the OIG should be viewed as highly significant. Correspondingly, there was an expectation the City would receive in return aggressive, thorough, productive, and efficient efforts to expose corruption and inefficiencies from the OIG. This reasonable expectation was largely not met by the OIG in 2020. In fact, during each of the three years the authors of this Review have evaluated the work of the OIG, we believe the City failed to get the quality and quantity it deserved for the money it provided the OIG. We hope that under new leadership, the OIG can build on this work and produce work product to match its budget allocation and mission.