



**ETHICS REVIEW BOARD**  
*CITY OF NEW ORLEANS*

**Ethics Review Board**  
**City of New Orleans**

**Wednesday, October 24, 2018**  
**3:30 P.M. – 5:30 P.M.**

**City Council Chambers**  
**1300 Perdido Street**  
**New Orleans, LA 70112**

**AGENDA**

1. Approval of minutes of September 12, 2018 (Chair).
2. Review and approval of ERB 2017 Annual Report. (Chair) (see attached).
3. Discussion and vote on proposal to create new part-time, unclassified Executive Administrator and General Counsel position and to appoint Dane S. Ciolino (Chair) (see attached).
4. Discussion and vote on renewal of Hackett Group contract (Chair).
5. Review of Inspector General Annual Work Plan (Chair) (see attached).
6. Discussion and vote on ethics award proposal (Ricks) (see attached).
7. Discussion of 2019 Annual Budget status (Chair).
8. Report on status of appointments to the 2019 Quality Assurance Review Advisory Committees for the OIG and IPM. (Chair) (see attached letters to Mayor and City Council).



## **ETHICS REVIEW BOARD**

### *CITY OF NEW ORLEANS*

9. Discussion and vote on proposal to receive 1-2 page monthly reports from OIG, IPM, and Ethics Trainer to be due on the first of each month (Chair).
10. Adjournment (Chair).

# **ETHICS REVIEW BOARD**

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## **CITY OF NEW ORLEANS**

### **2017 ANNUAL REPORT**



# **ETHICS REVIEW BOARD CITY OF NEW ORLEANS**

## **Current Board Members**

Mr. James A. Brown, Chair

Mr. Howard Rodgers, III, Vice Chair

Rev. Brandon Boutin, Secretary

Ms. Elizabeth Livingston de Calderon

Dr. Michael Cowan

Mr. Allen C. Miller

Dr. Joe M. Ricks, Jr.

## **Staff Members**

Mr. Dane S. Ciolino ~ General Counsel

Ms. Jessica Lang ~ Executive Assistant

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## Message from the Chair

Dear Citizens of New Orleans:

The Ethics Review Board (ERB) seeks to uphold and enforce high ethical standards and promote the public's confidence in the government of the City of New Orleans.

I now serve as Chair. Mr. Howard Rodgers, III is our Vice Chair, and Reverend Brandon M. Boutin is our Secretary.

In 2017, the ERB voted to conduct a nationwide search for the City's next Inspector General. Following Inspector General Quatrevaux's announcement of his retirement in September, 2017, my predecessor as Chair, Mr. Allen Miller, appointed Mr. Howard Schwartz as Interim Inspector General pending our selection of a new permanent Inspector General. Mr. Schwartz served admirably in that interim position through February of 2018. Following a review of dozens of applications from around the nation, interviews of multiple candidates, and several public hearings, we selected Mr. Derry Harper, the former Chief Inspector General for the State of Florida, as the City's new Inspector General. Mr. Harper assumed office on February 26, 2018.

Also in 2017, we continued our education efforts through the Hackett Group, which included collaborating to design ethics education training that was provided to various City departments and offices, including the New Orleans Business Alliance, the Sewerage & Water Board, and the City Council.

We also received and disposed of ethics complaints filed with the ERB in the manner indicated in the chart below.

Pursuant to a City Charter referendum passed in 2016, as of January 2017, the New Orleans Independent Police Monitor (IPM) separated her office from the Office of Inspector General. The IPM now reports directly to the ERB. We commit to the Citizens of New Orleans that the IPM will be held accountable to applicable standards as is the Inspector General.

Dane Ciolino remains as General Counsel to the ERB. Jessica Lang continued her duties as our part time Executive Assistant.

It is our great privilege to serve the Citizens of New Orleans.

Respectfully submitted,

/s/James A. Brown  
James A. Brown, Chair  
October 24, 2018



## Ethics Review Board Membership

The Ethics Review Board consists of seven volunteer Members who serve staggered seven-year terms. Six members are appointed by the Mayor from lists of three nominees submitted by the Presidents or Chancellors of Dillard University, Loyola University, Southern University in New Orleans (SUNO), Tulane University, University of New Orleans (UNO), and Xavier University. The seventh member is appointed by the Mayor. Each appointment is subject to approval by a majority of the Members of the City Council.

### Current Members of the Ethics Review Board

**James A. Brown - Chair**, is a shareholder with the New Orleans law firm of Liskow & Lewis, P.L.C., and heads the firm's Commercial Litigation Section as well as its Professional Liability Practice Group. He also serves as the firm's General Counsel and formerly served on the Board of Directors. Mr. Brown is a Fellow of the American College of Trial Lawyers and other national professional and honorary organizations. He is the immediate past Chair of the American Bar Association Presidential Standing Committee on Lawyers' Professional Liability. Mr. Brown is an adjunct professor of trial advocacy and torts at the Louisiana State University Law Center and is a member of the New Orleans, Louisiana, and American Bar Associations. He serves as Vice Chair of the Advisory Council for the LSU Honors College. Mr. Brown received his B.A. degree, *summa cum laude* and valedictorian, from Louisiana State University in 1981. He received his J.D. from the LSU Law Center in 1984. He served as Editor-in-Chief of Volume 44 of the Louisiana Law Review and as law clerk to the Honorable Alvin B. Rubin, Circuit Judge, United States Fifth Circuit Court of Appeals, 1984-1985. He and his wife of 37 years, Kelly, have three sons, two daughters-in-law, and four grandchildren. Nominated to the ERB by the University of New Orleans, Mr. Brown's term will expire June 30, 2019.

**Howard L. Rodgers, III - Vice Chair**, is Executive Director of the New Orleans Council on Aging/Area Agency on Aging. He holds a Masters Degree in Social Work from Southern University at New Orleans and a certificate as a Certified Aging Planner from Louisiana State University. Mr. Rodgers is a past board member of the National Council on Aging, the Southwest Society on Aging, and Family Service of Greater New Orleans. Howard currently serves on the National Association of Social Workers Geriatric Committee, National Association of Social Workers Legal Defense Fund as a trustee and Advisory Board of the Sisters of the Holy Family Lafon Nursing Home. He is a 2010 National Council on Aging Geneva Mathiasen Award Recipient and was recognized as a 2011 Role Model by the Young Leadership Council of Greater New Orleans. Rodgers is a former board member of PACE New Orleans and former president of the Louisiana Aging Network Association. Mr. Rodgers is a nominee of Southern University at New Orleans; his term will expire September 7, 2019.

**Reverend Brandon Boutin - Secretary**, currently serves as the First Assistant Pastor & Pastor of Ministries at Greater St. Stephen Full Gospel Baptist Church in New Orleans, LA, under the leadership of Dr. Debra B. Morton, and Bishop Paul S. Morton, Sr. Rev. Boutin is a graduate from St. Augustine High School, Xavier University of LA, and New Orleans Baptist Theological Seminary. In 1999, he became a licensed minister and in 2006 was ordained as an elder. Deeply concerned about people, on a daily basis

Rev. Boutin may be found in community meetings, on speaking engagements, speaking on college campuses, participating in youth activities, conducting a funeral, wedding, or counseling. Rev. Boutin is a nominee of Dillard University; his term will expire June 30, 2022.

**Elizabeth Livingston de Calderon** is a member of the faculty at Tulane Law School, where she has supervised students in federal and state courts and agencies as part of the Tulane Environmental Law Clinic since 2006. Through the Clinic, she has accumulated extensive litigation experience under the Clean Water Act, the Administrative Procedure Act, and the National Environmental Policy Act while representing non-profit and public interest organizations, as well as indigent individuals. She has also successfully engaged in federal litigation under the Clean Air Act, the Resource Conservation and Recovery Act, and the Endangered Species Act. In state proceedings, Ms. Calderon's practice centers on the Louisiana Environmental Quality Act and its supporting regulations. Before public interest and environmental law, Ms. Calderon practiced commercial bankruptcy law—first in New York City and then in Detroit. She graduated magna cum laude from Tulane Law School, was Associate Editor of the *Tulane Law Review*, and holds a Master of Arts degree in Classical Languages. Nominated to the ERB by Tulane University, Ms. Calderon's term will expire June 30, 2023.

**Dr. Michael A. Cowan** is a psychologist and theologian. On the faculty of Loyola University since 1990, he also served as assistant to the president. He was co-founder of the Jeremiah Group, an interracial and interfaith community organization, and Shades of Praise, the New Orleans interracial gospel choir. After Hurricane Katrina, he served as chief of staff of the Government Efficiency and Effectiveness Committee of the bring New Orleans Back Commission, and subsequently founded Common Good, a network of civil society organizations to build multiracial consensus on the rebuilding of New Orleans. He served on the Human Relations Commission of the City of New Orleans from 2001-2008, and chaired the commission from 2002-2008. He is a visiting fellow of Harris Manchester College in Oxford University. He is a nominee of Loyola University; his term will expire June 30, 2022.

**Allen C. Miller** practices in the area of commercial litigation. He concentrates his practice in the areas of general business torts; products liability; casualty litigation, banking and lender liability; class-action litigation; bankruptcy litigation; construction litigation and contracts; civil RICO; trade secrets litigation; professional malpractice; and a wide variety of other corporate litigation matters. He has extensive experience in complex commercial matters. Mr. Miller has handled a substantial number of cases from inception through resolution at trial, appeal and alternative dispute resolution where appropriate. His experience includes, without limitation, first chair litigation counsel in numerous bench and jury trials in state and federal court. He is solely responsible for the litigation strategy and handling of cases for several institutional firm clients, and regularly supervises commercial litigation associates and paralegals. His memberships and affiliations include: Louisiana State Bar Association, Minority Involvement Section, New Orleans Bar Association, American Bar Association, National Bar Association, Federal Bar Association (Board of Directors, Eastern District of Louisiana), International Association of Defense Counsel, Louisiana Association of Defense Counsel, Louisiana Association of Defense Counsel Trial Advocacy (Faculty Member, 2006 – Present), and National Institute of Trial Advocacy (Faculty Member, 2004 – Present). He is a "40 Under 40" Award Recipient (National Bar Association) as well as "40 Under 40" Award Recipient by Gambit Weekly. Past community service includes membership on the boards of Odyssey House of Louisiana, Inc., as Vice-President and Executive Committee Board Member, and WRBH Radio for the Blind and Print Handicapped. Mr. Miller is a



graduate of Southern University Law Center and Xavier University. Mr. Miller is a nominee of Xavier University; his term will expire June 30, 2018.

**Dr. Joe M. Ricks, Jr.** is the Chair of the Division of Business and the J.P. Morgan Chase Professor of Sales & Marketing at Xavier University of Louisiana. Dr. Ricks earned a Ph.D. in marketing with a minor in cognitive psychology from Louisiana State University, a Master's of Business Administration from the University of New Orleans and a Bachelor's degree in Marketing from Southeastern Louisiana University. Professionally, Dr. Ricks has published in *Business and Society Review*, the *Journal of Selling and Major Account Management*, the *European Journal of Marketing*, the journal *Performance Improvement*, the journal *Industrial Market Management*, the *Journal of Consumer Marketing*, the *Journal of Business Ethics*, the *Journal of Business Research*, and the *Journal of Vocational Behavior*. He has also been an editorial contributor to *Data News Weekly*, providing commentary on current issues relevant to the African American community. Dr. Ricks has been a visiting professor at Young & Rubicam Advertising Agency in New York in addition to the Corporate Customer Contact Center, Occupational Health and Environmental Safety Division, and the Sales Center of Excellence at 3M Company in St. Paul Minnesota. He has also served as a marketing intern coordinator for McIlhenny Company (Tabasco). Currently, he serves on the board of the Louisiana Quality Foundation that awards the Louisiana Performance Excellence Award based on the Malcolm Baldrige quality criteria. Prior to his academic career, Dr. Ricks' experiences included retail management, state government, the United States Army, and the Louisiana National Guard. Dr. Ricks is married to Mrs. Dianne Way-Ricks and has one daughter Jaelynn Ricks. Dr. Ricks is Mayor Mitch Landrieu's appointee, and his term will expire June 30, 2020.

### **Mission Statement**

The Ethics Review Board seeks to uphold and enforce high ethical standards and promote the public's confidence in the government of the City of New Orleans.

### **History of the Ethics Review Board**

In 1996, citizens of New Orleans voted to amend the Home Rule Charter to mandate the City Council to establish, by ordinance, an Ethics Review Board. Under that ordinance, as amended, the ERB is empowered to issue advisory opinions, promulgate rules regarding interpretation and enforcement of the New Orleans Code of Ethics, retain counsel and impose fines. The ERB also appoints and oversees the New Orleans Inspector General and the New Orleans Independent Police Monitor. The initial selection of board members occurred in December 2006.

The Ethics Review Board has dedicated its energy to ensuring an effective government ethics program throughout the City of New Orleans, including ethics education, advice, and enforcement.

## **Functions and Authority**

The Ethics Review Board is authorized to enforce the provisions of the City of New Orleans Code of Ethics. The Code of Ethics was established to remind each public official and employee that they must adhere to high ethical standards. It applies to all officials and employees of city government, as well as all members and employees of boards, agencies, commissions, advisory committees, public trusts, and public benefit corporations of the city. The ERB is empowered to establish additional recommendations for the code of ethics, issue advisory opinions, promulgate rules regarding the interpretation and enforcement of the city's code of ethics, refer cases for investigation on referral or complaint, retain counsel, and impose fines.

## **Complaints**

Any person may file a complaint concerning violations of the City's Code of Ethics with the Ethics Review Board. Any public employee who reports information which the employee reasonably believes is a violation of any ordinance, statute, policy, order, rule, regulation or other ethical mandate is protected by the New Orleans Municipal Code Division 3. Code of Ethics, Subdivision 3. Generally, Section 2-772 (a) Freedom from reprisal and disclosure of improper acts, which states such employees "shall be free from discipline or reprisal for reporting such acts of alleged impropriety. An employee with authority to hire and fire, supervisor, agency head, or elected official may not subject to reprisal any public employee because of such employee's efforts to disclose such acts of alleged impropriety."

The Board may consider any matter that it has reason to believe may be a violation of any law within its jurisdiction, including but not limited to, a notice or report sent to the Board by the Inspector General. The Board may close the file, refer the matter for investigation, or take such other action as it deems appropriate.

During 2017, the Ethics Review Board received 5 complaints.

	2014	2015	2016	2017
Received	8	2	1	5
Closed <sup>1</sup>		0	1 (partially closed)	3
Deferred				1 (pending litigation)
Referral <sup>2</sup>	2- New Orleans Office of Inspector General  1- Louisiana Office of Inspector General  2- Louisiana State Ethics Board  1- Judiciary Committee of Louisiana  1- Juvenile Justice Project of Louisiana			1- Louisiana State Ethics Board

The ERB received 0 formal requests for advisory opinions during 2017.

	2014	2015	2016	2017
Received	0	0	0	0
Closed				
Referral				

## Future Work

The Ethics Review Board continues to view education and training as integral parts to an effective government ethics program. We have increased the number of City employees that participated in ERB Ethics Education Training in 2017. We hope to accomplish the goal of all City employees undergoing Ethics Education Training in the coming years.

The Ethics Review Board will also continue to identify and explore avenues for the promotion of a healthy ethical culture throughout city government, including advancing awareness of the Board's functions as well as the ethics code.

<sup>1</sup> Closed: Ethics Review Board did not have jurisdiction, or the ERB determined that even if true, it did not violate the City Code of Ethics.

<sup>2</sup> Complaints outside of the ERB's jurisdiction are referred to the appropriate entity for review. Complaints may be referred to multiple agencies.



To: Members, City of New Orleans Ethics Review Board  
From: James A. Brown, Chair  
Date: October 3, 2018  
Re: *Proposal to Create Position of “Executive Administrator and General Counsel” and to Appoint Dane S. Ciolino*

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I will include as an agenda item for the October 24, 2018, meeting of the Board that the ERB create a new, unclassified position of “Executive Administrator and General Counsel.” The job description and qualifications for this new position would be as follows:

The Executive Administrator and General Counsel of the City of New Orleans Ethics Review Board (“ERB”) shall have the following duties:

Performing all administrative tasks for the ERB, including, preparing meeting agendas and minutes; preparing drafts of annual budgets and reports; coordinating periodic quality assurance reviews of the ERB, OIG, and OIPM; receiving and responding to all telephonic, hard-copy, and electronic communications directed to the ERB; serving as webmaster for the ERB website; and, serving as custodian of all ERB records.

Advising the ERB on all legal issues, including issues that arise under the Louisiana Open Meetings Law, Louisiana Public Records Law, City of New Orleans Code of Ethics, and State of Louisiana Code of Governmental Ethics, among others. Reviewing ethics complaints received by the ERB and advising the ERB as to the disposition of such complaints.

Minimum qualifications include the following: A Juris Doctor degree and admission to practice before all Louisiana courts and the United States District Court for the Eastern District of Louisiana. Substantial experience as a lawyer in handling public records, open meetings, legal ethics, and/or governmental ethics matters. Meaningful administrative

experience. Proficiency in MS Word, MS PowerPoint, WordPress, spreadsheet software, and relational-database software.

I also will propose that the ERB set the part-time salary for this position at \$70,000.00 per year, with ordinary benefits. This salary would be roughly revenue-neutral from a budget standpoint. That is, the salary would be equivalent to what the ERB currently pays for its current part-time General Counsel (Dane S. Ciolino, by renewable contract), and its current part-time Executive Director (Jessica Lang, whose position is shared with the Office of Inspector General).

Finally, I will propose that the ERB appoint Dane S. Ciolino to the new position on a part-time basis effective January 1, 2019, or sooner if the current position of “Executive Director” becomes vacant.

# Annual Work Plan 2019

September 1, 2018



Office of Inspector General  
City of New Orleans

Annual Work Plan 2019

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September 1, 2018

Derry Harper Esq., CIG

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## I. INTRODUCTION

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**T**his Annual Work Plan of the City of New Orleans Office of Inspector General (OIG) covers the period from September 1, 2018, to August 31, 2019.

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

The Annual Work Plan sets forth the results of a preliminary risk assessment process. The purpose of this document is to communicate OIG priorities and strategies this year to the public, the Mayor, 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 deterring and detecting fraud, waste, and abuse. We do so by conducting audits, inspections, evaluations, and investigations. Our reports, findings, and recommendations are provided to the public, the Ethics Review Board, the Mayor, the City Council, and all interested parties. Reports of fraud or misconduct that may warrant criminal prosecution are referred to the appropriate federal, state, or local law enforcement agencies.

The City Ordinance that established the OIG created a unique structural and operational independence from the City's Executive and Legislative branches while encouraging working with these entities in a cooperative manner. The Ethics Review Board appoints the Inspector General and provides periodic oversight but has no operational authority over the OIG. The ordinance encourages the OIG to work cooperatively with the Ethics Review Board. This framework provides the public with a reasonable assurance that our activities are conducted in an objective and independent manner.

### VISION OF THE OFFICE OF INSPECTOR GENERAL

To *preserve the public trust* is our vision. This statement describes who we are and reinforces the OIG's commitment to the citizens of New Orleans and to the



community as a whole. To fulfill this vision we must meet the highest standards of professional and ethical conduct in all activities and work products. For ten years the OIG has worked to demonstrate we deserve the trust the citizens placed in the reports and findings we produced. It is now our task to continue to improve every day the in the performance of our duties and responsibilities. We shall do so by focusing on the task each day in order make a positive difference in the lives of the people we serve.

## II. RISK ASSESSMENT

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The purpose of a systematic risk assessment is to guide the OIG in setting priorities and the in selection of projects. Conducting a risk assessment benefits the public because it ensures that taxpayer resources are spent on projects that are needed the most.

### ASSESSMENT CATEGORIES

In 2018, the OIG developed a new risk assessment framework to take a fresh look at city government operations.

The new OIG risk assessment framework starts with the budget and number of budgeted positions at city departments, agencies, and programs under OIG jurisdiction. The risk assessment then considers these entities in four categories: money at risk, operational risk, internal knowledge of problems, and the risk inherent to the organization and citizens.

#### **DOLLARS AT 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 physical assets of the entity are not adequately managed, maintained, or safeguarded, costing taxpayers money.

#### **OPERATIONAL RISK**

This category considers the prospect of deficiencies in the entity's operations that could result in inefficiencies or liabilities for taxpayers. It contemplates the risk that the agency is not complying with laws, regulations, or professional standards; that the agency has improper or insufficient management and oversight; and that the agency lacks updated, well-documented policies and procedures to achieve the agency's mission. It also assesses the risk that the entity does not have the right people in the right places with the right skills to fulfill the entity's purpose. It further considers the risk of technological failures within an organization.

#### **INTERNAL KNOWLEDGE**

This category allows for general consideration of tips to OIG about potential fraud, waste, and abuse; media reports that suggest dysfunction; and the existence of

audits with negative findings about the organization. It prompts auditors and evaluators to look deeper when there are known problems at an entity.

### **INHERENT RISK / PUBLIC IMPACT**

This category contemplates the external events that could impose change on an organization's operations, focus, priorities, or workload, such as a political change, legislative change, court decision, new regulations, or a natural disaster.

It also allows the OIG to consider what essential services an organization provides to the public, and the impact or consequences of a failure in a critical area. Issues of concern to the public are issues of concern to the OIG. For example, if the Sewerage & Water Board is unable to power its drainage pumps, that is a core failure of the S&WB's responsibility to manage drainage in the city. Such a failure exposes homes and businesses to property damage, puts people at risk, and harms the economy and quality of life in the city, so the S&WB would rank high in this category of the OIG risk assessment.

### **ENTITIES / ISSUES IDENTIFIED**

In the fourth quarter of 2018, auditors and evaluators will begin conducting a 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 preliminary interviews and data collection, the OIG has identified the following areas 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. Meanwhile, the S&WB has about \$3.2 billion in assets, according to its most recent CAFR, and has a \$3.2-billion ten-year capital improvement program.

Managing such a large entity is a formidable task, yet the S&WB faces challenges on multiple fronts. The entity has had serious difficulties finding enough qualified people to fill vacancies just as the organization's management and maintenance challenges have increased. Public confidence in the S&WB was seriously eroded after the city flooded in strong rainstorms in July and August 2017, and citizens

discovered that S&WB leadership did not warn the public that the turbines powering the city's drainage pumps were not operating at full capacity. Five executive directors have led the S&WB since last August, and the agency endured large accelerated or unplanned expenditures to fix its drainage and electrical problems, according to S&WB procurement records. Our assessment found that the S&WB's policies, procedures, and internal controls in several areas are outdated or deficient, harming the S&WB's effectiveness.

Meanwhile, after the installation of new billing software in October 2016, the S&WB recorded more than 26,000 billing disputes and experienced a drop in revenue when people stopped paying their bills, according to S&WB testimony at public meetings. The S&WB asked for a 90-day extension to complete work on its 2017 CAFR because it was unable to determine how much money its customers owed, according to interviews with the S&WB. The uncertainty about the state of the S&WB's finances also delayed its ability to issue new revenue bonds for capital projects, according to news reports about the S&WB's finance committee meeting in July.

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

## **THE DEPARTMENT OF PUBLIC WORKS**

The Department of Public Works (DPW) is responsible for maintaining 1,547 miles of streets, as well as bridges, catch basins, and drainage lines, according to the transition documents prepared for the Cantrell Administration. It is a large city department with a \$53.1 million budget, 193 workers, and many contractors, according to the transition documents and the 2018 Adopted City Budget. The DPW plans to spend \$1.4 billion on capital improvements between 2018 and 2021, according to the city budget.

Nonetheless, the DPW has challenges fulfilling its central mission, and many streets are in poor condition. Funding for street maintenance is grossly insufficient, creating the risk that newly paved streets will fall again into disrepair, according to a report by the Bureau of Government Research. The DPW lacks experienced people to run the ambitious and complex \$2.3-billion Roadwork NOLA infrastructure repair program, and the DPW and S&WB have had trouble coordinating street and drainage repairs, according to the transition documents.

The DPW experienced management turnover in the past year after the former Deputy Mayor in charge of infrastructure and former Director of DPW departed after the August floods. Two interim directors have followed.

In recent years, the DPW has also taken on an expanded revenue generation role through its Parking Management and Traffic Camera Safety programs, according to OIG interviews with city officials. Both programs also require management of outside contractors.

The DPW also ranks high on the OIG risk assessment because of the critical nature of the services it provides and vulnerabilities with regard to finances, physical assets, management, internal processes, and staffing.

### **CITY OF NEW ORLEANS REVENUE COLLECTION AND FINANCIAL MANAGEMENT**

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 properly owed to it.

The Finance Department is implementing 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.

The Finance Department ranks high on the OIG risk assessment because of the critical nature of its work, the tremendous opportunity for improvement, and the risks associated with such a major computer conversion.

## **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 creates the potential for a lack of accountability and transparency in these silos.

### III. PROJECTS

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The projects listed below implement the OIG’s strategy and are intended 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.

Association of Inspectors General Green Book standards note that analyzing government operations and programs includes “making recommendations to improve programs, policies, or procedures.”<sup>1</sup> These standards require that auditors and evaluators identify the root cause of deficiencies reported as findings and the impact of those deficiencies.

In some cases, an improperly implemented policy may result in inefficient or ineffective operations. In these instances, OIG staff examine the policy to recommend improvements in policy design and implementation.

The schedule of activities will be reviewed and modified as circumstances warrant during 2019.

#### **ACTIVITIES UNDERWAY OR STARTING IN 2019**

Projects may be delayed due to the carryover of projects or actions beyond the control of the OIG, such as delays in receiving requested documents or turnover at the agencies under review.

#### **THE SEWERAGE & WATER BOARD**

*\*Starting in 2019. Completion date unknown.*

- Audit of Billing & Collections\*
- Audit of Internal Audit Function
- Audit of Inventory\*
- Audit of Payroll\*
- Evaluation of the Billing Dispute Resolution Process (March 2019)

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<sup>1</sup> 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), 33, <http://inspectorsgeneral.org/files/2014/11/AIG-Principles-and-Standards-May-2014-Revision-2.pdf>.

## **THE AUDUBON COMMISSION AND AUDUBON NATURE INSTITUTE**

- Audit of Purchase Cards & Expense Reimbursements (November 2018)
- Audit of Payroll (December 2018)
- Audit of Disbursements (December 2018)

## **THE DEPARTMENT OF FINANCE**

- Audit of the Enterprise Resource Planning System (ERP)\*

## **THE DEPARTMENT OF PUBLIC WORKS**

- Audit of Catch Basin Cleaning and Maintenance Contracts (March 2019)
- Evaluation of Automated Traffic Enforcement (February 2019)

## **TOURISM**

- Aviation Board Construction Fraud Deterrence Program—Investigations Division, ongoing
- French Quarter Citizen Reporting Initiative—Investigations Division, ongoing

## **PUBLIC CORRUPTION**

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



## IV. QUALITY ASSURANCE AND QUALITY CONTROL

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

### QUALITY ASSURANCE

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.<sup>2</sup>

In June 2018, the Association of Inspectors General (AIG) conducted a triennial peer review of the New Orleans Office of Inspector General Audit Division (AD), Investigations Division (ID), and Inspections and Evaluations Division (I&E). 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 and 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.”<sup>3</sup> The peer review

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<sup>2</sup> 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>.

<sup>3</sup> AIG Peer Review Opinion Letter, Team Leader Flora Tran to Inspector General Derry Harper, June 11, 2018.

team also provided management with ten areas of distinction that highlighted the efficiency and effectiveness of existing policies and procedures.

## **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, managers, and those charged with governance on how to prevent and detect fraud, waste, and abuse.*

#### **STRATEGIES:**

- Conduct Fraud Awareness seminars.
- Conduct seminars with publicly funded boards based on the OIG's Handbook for Boards and Commissions.
- Continue meeting with businesses as part of the OIG's French Quarter Initiative.

*Objective 2: To provide continuous monitoring over contracts and other activities to deter fraud, waste, and abuse.*

#### **STRATEGIES:**

- Conduct cyber-based analyses to identify potential fraud indicators.
- Screen 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 2019.

## **GOAL # 2: TO FOCUS OIG ACTIVITIES ON THE RIGHT ISSUES AT THE RIGHT TIME**

*Objective 3: To ensure that OIG resources are directed 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 projects are performed by independent staff to achieve objectives in accordance with professional standards.*

### **STRATEGIES:**

- Remain organizationally Independent as established by the City Charter.
- The IG certifies independence before commencing projects and in final reports.
- Staff members are required to attest to 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:**

- Staff are required to meet continuing professional education requirements.
- The OIG requires its employees to have 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:**

- The OIG developed policies and procedures 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.
- Policies and procedures are communicated to all employees.

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

*Objective 7: To involve managers 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:**

- Reports contain all information required by city ordinance and professional standards.
- Reports are clear and concise and encourage corrective action.
- Reports are distributed to citizens of New Orleans, managers, and/or those charged with governance.

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## Proposal for Ethics Award

Rational: The ERB's Ethics Education program is designed to for prevention of ethics violations, the city's code of ethics gives the ERB broad enforcement and punitive powers to enforce compliance. What is missing a positive reward system for consistent ethics compliance and or innovation in ethics systems. The proposed award would fill this gap in the ERB's strategy to create a greater culture of ethics in city government.

Inaugural Award: Calendar year 2019

We propose two awards (name are place holders):

1. Liaison Award – This award would be given annually to ethics liaison who's department meets minimum compliance qualifications (to be determined). Example criteria could be all ethics training and financial disclosures done on time, one class done by our ethics trainer during the year, and etc. This would be a certificate type recognition, providing recognition for those doing their job and disclosure for those that aren't.
2. Innovation in Ethics Award – This would be an application award given annually. Applications would reviewed by an independent panel with representatives from various constituencies (i.e ERB, Academia, Business Organizations, Community Organizations). The panel would rate the applications on criteria yet to be determined and the agency would have to meet an identified cut off score in order to receive the award. Using the American Business Ethics Award as a model, possible criteria could be:
  - a. A clear demonstration of the department's executive commitment to ethics as demonstrated by speeches or other correspondence and communications from the Director and other senior officers to employees and/or constituents. The Director is encouraged to tell the department's story as it relates to a culture of strong business ethics.
  - b. A code of ethics, credo, code of conduct, mission statement, or philosophy that demonstrates the department's requirement for honesty, integrity and compliance with the law in all business dealings. An ethics policy or philosophy that is unique and deserving of recognition is a critical component of the award.
  - c. Clear communication of the department's ethical standards, culture and its expectations of employees in department publications, employee handbooks, training courses and other materials. The department should indicate whether and how employees are measured for ethical business conduct and whether and how their compensation is tied to ethical conduct.
  - d. A clear indication that employees throughout the organization understand and accept the department's ethical standards as indicated by survey results or internal audits or demonstrated behavior.
  - e. A means for employees, constituents, and other parties to bring ethical problems to the attention of management and a mechanism for resolution that ensures fair and consistent treatment of the parties involved. Specific examples of how this mechanism

is used by employees and other department constituents and information on outcomes of ethical problems or conflicts is important to the selection process.

- f. A narrative description of ethics in action as demonstrated by the department's response to a specific challenge affecting its operations or its industry, or by evidence of how ethical decision-making is a part of the department's everyday operations, philosophy and culture.
- g. A consistently high quality of products, services, business and production practices, including demonstrated awareness of environmental impact, if appropriate.
- h. A commitment to providing a work environment that is free from harassment or inappropriate discriminatory behavior of any kind, that treats employees with respect, and that fosters growth and opportunity.

Timeline: TBD



**ETHICS REVIEW BOARD**  
*CITY OF NEW ORLEANS*

c/o James A. Brown, Chair  
50<sup>th</sup> Floor, One Shell Square  
New Orleans, LA 70139  
Ph.: 504-556-4116

September 10, 2018

Honorable LaToya Cantrell  
Mayor, City of New Orleans  
1300 Perdido St  
2nd Floor  
New Orleans, LA 70112

Re: Mayoral Appointments to Quality Assurance Review  
Advisory Committees for Office of Inspector General and  
Independent Police Monitor

Dear Mayor Cantrell:

I am serving as the Chair of the New Orleans Ethics Review Board (“ERB”) for 2018-19. The ERB is charged with oversight of the New Orleans Office of Inspector General and the New Orleans Independent Police Monitor, along with other duties. I write to respectfully request that your Office name its appointees to the Quality Assurance Review Advisory Committees for the New Orleans Office of Inspector General and the New Orleans Independent Police Monitor, respectively, as follows.

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

Article VIII, Section 2-1120(16) of the New Orleans Code of Ordinances requires that the Mayor designate an appointee to the annual Quality Assurance Review Advisory Committee for the New Orleans Office of Inspector General (“OIG”). Therefore, I respectfully request that your Office name its appointee to the Quality Assurance Review Advisory Committee for the OIG. Please note that the work of this Advisory Committee requires an extensive review of the OIG’s public work product and reports and must be completed by May 15, 2019. So your Office’s prompt attention to this appointment would be most appreciated.

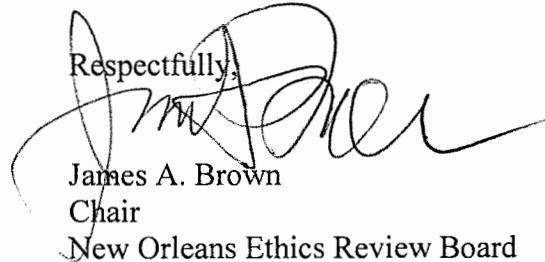
525 St. Charles Avenue  
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**Quality Assurance Review Advisory Committee for the Independent Police Monitor**

Article XIV, Section 2-1121(22) of the New Orleans Code of Ordinances requires that the Mayor designate an appointee to the annual Quality Assurance Review Advisory Committee for the New Orleans Office of Independent Police Monitor ("IPM"). I respectfully request that your Office name its appointee to the Quality Assurance Review Advisory Committee for the IPM. Please note that the work of this Advisory Committee requires an extensive review of the IPM's public records, reports and work product and must be completed by July 15, 2019. So your Office's prompt attention to this appointment would be most appreciated.

Please do not hesitate to contact me, or have your Office contact me, if you have any questions or would like to discuss this matter.

Respectfully,

A handwritten signature in black ink, appearing to read 'James A. Brown', is written over the word 'Respectfully,'.

James A. Brown

Chair

New Orleans Ethics Review Board

Cc by PDF:

[Joshua.Cox@nola.gov](mailto:Joshua.Cox@nola.gov)

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**ETHICS REVIEW BOARD**  
*CITY OF NEW ORLEANS*

c/o James A. Brown, Chair  
50<sup>th</sup> Floor, One Shell Square  
New Orleans, LA 70139

September 4, 2018

Hon. Kristin Gisleson Palmer  
Chair, Governmental Affairs Committee  
New Orleans City Council  
1300 Perdido Street, Second Floor West  
New Orleans, LA 70112

Re: City Council Appointments to Quality Assurance  
Review Advisory Committees for Office of Inspector  
General and Independent Police Monitor

Dear Councilmember Palmer:

I am serving as the Chair of the New Orleans Ethics Review Board ("ERB") for 2018-19. The ERB is charged with oversight of the New Orleans Office of Inspector General and the New Orleans Independent Police Monitor, along with other duties. I write to respectfully request that the New Orleans City Council designate its appointees to the Quality Assurance Review Advisory Committees for the New Orleans Office of Inspector General and the New Orleans Independent Police Monitor, respectively, as follows.

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

Article VIII, Section 2-1120(16) of the New Orleans Code of Ordinances requires that the City Council designate an appointee (who shall serve as the Chair) to the annual Quality Assurance Review Advisory Committee for the New Orleans Office of Inspector General ("OIG"). Therefore, I respectfully request that the City Council name its appointee to Chair the Quality Assurance Review Advisory Committee for the OIG. Please note that the work of this Advisory Committee requires an extensive review of the OIG's public work product and reports and must be completed by May 15, 2019. So the City Council's prompt attention to this appointment would be most appreciated.

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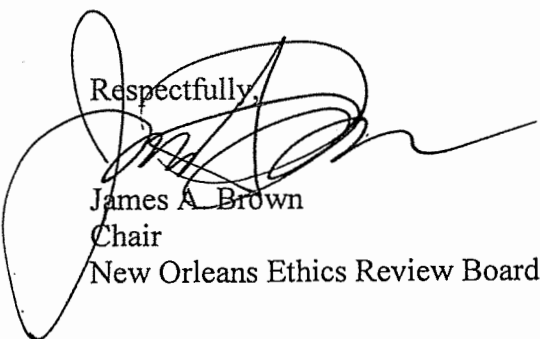
**Quality Assurance Review Advisory Committee for the Independent Police Monitor**

Article XIV, Section 2-1121(22) of the New Orleans Code of Ordinances requires that the City Council designate an appointee (who shall serve as the Chair) to the annual Quality Assurance Review Advisory Committee for the New Orleans Office of Independent Police Monitor ("IPM"). I respectfully request that the City Council name its appointee/Chair to the Quality Assurance Review Advisory Committee for the IPM. Please note that the work of this Advisory Committee requires an extensive review of the IPM's public records, reports and work product and must be completed by July 15, 2019. So the City Council's prompt attention to this appointment would be most appreciated.

For your further information, the Ethics Review Board has named Dr. Marcus Kondkar as its appointee to this Advisory Committee.

Please do not hesitate to contact me if you have any questions or would like to discuss this matter.

Respectfully,



James A. Brown  
Chair

New Orleans Ethics Review Board