

EXECUTIVE SUMMARY

The Office of Inspector General for the City of New Orleans (OIG) conducted a review of the procurement documents issued by the City to obtain goods or services from third-party contractors. The objectives of this review were to identify deficiencies, ambiguities, or other concerns that could have impeded fair and open competition for City contracts.

Information from the scope of services or specifications from City-issued solicitations are typically incorporated directly into contracts with third-party vendors. Attempting to negotiate key contract terms after a vendor has been selected is likely to result in less favorable terms for the City because the contractor faces no competitive pressure. Therefore, the City must ensure that it outlines the selected contractor's responsibilities, establishes performance expectations, and allocates risk *at the outset of the procurement process*.

Evaluators reviewed 128 solicitations representing more than \$112 million in estimated expenditures. Evaluators provided feedback from these reviews to the City's Procurement Office throughout 2013 to improve the quality of the City's procurement processes and documents and result in better value in City contracting and purchasing. In addition, evaluators performed ongoing monitoring of procurement documents issued in 2014 and reviewed selected solicitations to determine whether the City made improvements based on previous comments.

Evaluators made the following observations related to the City's professional service solicitations:

- The second phase of the City's process for selecting contractors via requests for qualifications (RFQs) was not conducted in accordance with Executive Order MJL 10-05 and the Home Rule Charter, which require selection committees to review and evaluate proposals and make selections in meetings noticed and open to the public.
- Many of the requests for proposals (RFPs) issued by the City did not include sufficient reporting requirements, did not specifically describe how the selected contractor's work would be evaluated, and did not include penalties/incentives for failing to meet or exceeding performance expectations.
- Some of the professional service solicitations issued by the City did not state clearly how cost proposals would be evaluated and/or did not identify the intended quantity and/or duration of the services being requested.

Generally, the solicitations issued for non-professional services included provisions to protect the City's interests (e.g., warranties or remedies for substandard work) in the event that selected contractors did not meet performance expectations.

Moving forward, evaluators suggest that the City take the following steps:

- Conduct all selection committee reviews and evaluations in meetings noticed and open to the public;
- Continue and expand the level of involvement of personnel from the Innovation Team and/or Office of Performance and Accountability in the strategic development of professional service solicitations;
- Provide training opportunities for personnel in the Procurement Office and contract monitors in City departments/agencies to ensure that performance standards and penalty/incentive mechanisms are incorporated into future professional service solicitations; and
- Ensure that information related to cost proposals and desired service levels/expectations is stated clearly in all RFPs.

Evaluators will continue to monitor the solicitations issued by the City in 2015 to provide technical assistance and feedback to improve the City's procurement processes.