Legal Services Contracting at the Local Level

November 2001
INTRODUCTION
The Public Law Center (TPLC), the Public Affairs Research Council of Louisiana (PAR), and the Bureau of Governmental Research (BGR) undertook a study of contracting for outside legal services by state and local government entities at the request of the Kendall Vick Public Law Foundation. The objectives were to survey the laws and regulations governing such contracting and to review the actual contracting practices of selected state and local entities.

TPLC examined the legal authority and requirements for legal services contracting. PAR examined contracting by state agencies, and BGR focused on local contracting. PAR and BGR collected data on the use of in-house and outside counsel and examined the following aspects of legal services procurement: the process for choosing between in-house or outside counsel, the procurement process for outside counsel, documentation and record keeping, and contract oversight.

The study was not designed to be an exhaustive analysis of all the issues involved in public contracting for legal services. Rather it was intended to provide factual information that would enable the three organizations to identify areas of concern and would provide a basis for additional inquiry.

The study contains a number of recommendations to address some of the problems uncovered in the course of BGR’s survey of local entities. The recommendations are of a general nature, since BGR’s survey did not entail the type of in-depth review and analysis that would allow it to make comprehensive recommendations on the various facets of legal services contracting. For example, BGR’s review and analysis did not extend to the quality of the limited procedures that are in place. Accordingly, BGR has not addressed the quality of selection and management procedures.

This report sets forth the information collected by BGR on selected local entities in the New Orleans area. A report summarizing TPLC’s, PAR’s and BGR’s findings, entitled Public Contracting for Legal Services, is available at the PAR (www.la-par.org) and BGR (www.bgr.org) websites. In addition, this report and an expanded analysis of state contracting practices prepared by PAR can be found at both websites.

METHODOLOGY
For purposes of this study, BGR examined the contracting practices of a representative sample of governmental entities operating in the New Orleans metropolitan area. The chosen entities, which are listed in Appendix A, varied by size, type and responsibilities.

BGR interviewed each of the selected entities to obtain information on contracts and budget, in-house legal resources, and procedures and oversight. In addition, it reviewed contracts, procedures, bills and other information provided by the entities.

Most agencies attempted to cooperate with BGR in the preparation of this report. In two cases, BGR had to issue formal public record requests to collect data. Ultimately, BGR contacted 18 agencies and obtained information on 135 contracts.

STATE LAWS GOVERNING THE USE OF COUNSEL BY LOCAL GOVERNMENT ENTITIES
The ability of entities governed by the local government article of the Louisiana Constitution of 1974 to retain inside and outside counsel varies according to the type of entity. The laws applying to municipalities, parishes, school boards and various state boards and commissions that operate locally are discussed below.

MUNICIPALITIES
Most of the state’s 302 municipalities operate under a plan of government established by the Lawrason Act (La. R.S. 33:321 et seq.). The mayor of a Lawrason Act municipality, with confirmation by the board of aldermen, may appoint and fix the compensation for a
municipal attorney. The attorney’s duties are prescribed by the mayor and may include representing the municipal officers. At the mayor’s request, the board of aldermen may, at its discretion, appoint an attorney to serve in the mayor’s stead as magistrate of the mayor’s court. The law allows the municipality to employ special counsel to represent its interest “should the occasion require”, (La. R.S. 33:386 C.) or “in cases of extreme necessity” (La. R.S. 33:1813). It does not provide any procedures for suchhirings. 

Municipalities operating under home rule charters can establish their own procedures regarding legal counsel, if their charter so provides.

PARISHES

La. R.S. 42:261 provides that, except as otherwise provided by law, (i) the district attorneys shall be the regular attorneys and counsel for the parishes, and (ii) it shall be unlawful for any parish to employ any attorney to represent it generally. The section does not apply to Orleans Parish, parishes that have adopted home rule charters providing for the hiring of their own counsel, and certain other parishes that are given, and exercise, the right to opt out of representation by the district attorney.

Forty-three of Louisiana’s sixty-four parishes retain the police jury form of government. The eight parishes in the New Orleans Metropolitan Statistical Area all have home rule charters. With the exception of St. Tammany’s charter (which designates the district attorney as legal counsel), the area charters allow the parishes to forego the use of the district attorney. Some parishes have not opted to establish a parish attorney position and still use the district attorney’s services.

La. R.S. 42:263 generally prohibits parish governing authorities from employing special counsel unless a “real necessity” exists. A resolution indicating the reasons for employing special counsel and the compensation to be paid must be approved by the state attorney general. Home rule parishes do not need attorney general approval for legal services contracts if their charters provide for retention of general or special counsel. (See La. R.S. 16:2 and A.G. Opinion No. 00-189).

BOARDS AND COMMISSIONS

La. R.S. 42:261 designates the various district attorneys as the regular attorney for parish and city school boards and every state board or commission domiciled within their districts. The provision is subject to numerous exceptions. State boards and commissions domiciled in Baton Rouge or those in charge of or in control of state institutions are not served by local district attorneys. Various other institutions, such as the Board of Assessors for Orleans Parish and the New Orleans Board of Liquidation, City Debt, are specifically exempted. Others, such as parish and city school boards and hospital service districts, are given the right to select their own attorneys.

La. R.S. 42:263, discussed above in connection with parishes, also requires attorney general approval of the retention of special counsel by school boards and other local and state boards. The statute exempts certain specific boards and districts from the requirement.

SPECIAL PROVISIONS GOVERNING BOND ISSUES

La. R.S. 42:261 B. places legal services regarding the issuance of bonds, notes, or other instruments of indebtedness of parishes, school boards, and state boards and commissions under the supervision and authority of the attorney general. La. R.S. 39:1410.60 requires State Bond Commission approval for any local government entities, including municipalities, to borrow money, incur debt, or issue bonds. The State Bond Commission’s rules provide that the attorney general must approve all legal fees in connection with bond issues, notes, etc.
USE OF IN-HOUSE COUNSEL OR DISTRICT ATTORNEYS BY LOCAL GOVERNMENTS

A threshold issue in assigning legal cases is whether to use in-house counsel or to contract with outside counsel. Whether an entity has in-house counsel with appropriate skills available is an obvious issue. As the following table indicates, most of the local government jurisdictions and entities surveyed by BGR have limited in-house legal support.

While the availability of in-house counsel can be the determinative factor when responding to an immediate need, it is merely the starting point for an analysis of an agency’s needs. Good management dictates that entities making extensive use of outside counsel should analyze whether their needs could be better met through the use of in-house counsel.

Interestingly, with one limited exception, local governments do not conduct any systematic, formal analysis of this issue. Rather, decisions as to the use of in-house or outside counsel are made informally on the basis of the professional judgment of elected or appointed officials or their advisors. The one exception is St. Bernard Parish, which considers the cost of inside counsel in its annual comparison of the cost of its self-insurance program with the cost of commercial insurance. In the absence of cost-benefit studies, whether expanded in-house legal staff would save tax dollars is an open question.

Decisions as to the use of in-house or outside counsel involve the consideration of many factors. Whether the volume of legal matters justifies hiring additional in-house staff is an obvious issue. A chronic overflow situation would suggest that the use of in-house counsel might be warranted. On the other hand, hiring outside counsel might be more cost efficient where an excess work volume is unusual or sporadic.

<table>
<thead>
<tr>
<th>Agency</th>
<th>In-House Attorneys</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Bernard Parish</td>
<td>One contract attorney (District Attorney also provides services.)</td>
</tr>
<tr>
<td>St. Tammany Parish</td>
<td>Two full-time and two part-time Assistant District Attorneys</td>
</tr>
<tr>
<td>City of Gretna</td>
<td>One part-time city attorney</td>
</tr>
<tr>
<td>City of Gretna Police Department</td>
<td>One part-time attorney</td>
</tr>
<tr>
<td>City of New Orleans</td>
<td>Fifty-six unclassified attorneys*</td>
</tr>
<tr>
<td>New Orleans Aviation Board</td>
<td>One contract attorney</td>
</tr>
<tr>
<td>New Orleans City Council</td>
<td>Law Department provides counsel</td>
</tr>
<tr>
<td>New Orleans Sewerage and Water Board</td>
<td>One unclassified and seven classified city civil service attorneys</td>
</tr>
<tr>
<td>New Orleans Public Belt Railroad</td>
<td>None</td>
</tr>
<tr>
<td>New Orleans Board of Liquidation, City Debt</td>
<td>None</td>
</tr>
<tr>
<td>Jefferson Parish Sheriff’s Office</td>
<td>Two unclassified attorneys</td>
</tr>
<tr>
<td>Port of South Louisiana</td>
<td>None</td>
</tr>
<tr>
<td>Louisiana Stadium and Exposition District</td>
<td>None</td>
</tr>
<tr>
<td>East Jefferson General Hospital</td>
<td>Two attorneys</td>
</tr>
<tr>
<td>West Jefferson Medical Center</td>
<td>None</td>
</tr>
<tr>
<td>Regional Transit Authority</td>
<td>Seven attorneys</td>
</tr>
<tr>
<td>Orleans Levee District</td>
<td>One state classified civil service attorney</td>
</tr>
<tr>
<td>Orleans Parish School Board</td>
<td>One attorney (position eliminated in 2001)</td>
</tr>
</tbody>
</table>

*Unclassified civil service employees serve at the pleasure of the appointing authority and may engage in political activity. Classified civil service employees may be terminated only pursuant to civil service rules and are prohibited from engaging in political activity.
Specialization is another factor that needs to be considered. The use of outside counsel offers a sensible solution where a matter requires expertise that is not routinely needed by an entity. For example, the Sewerage & Water Board of New Orleans (S&WB) retains outside counsel to assist it on infrequent occasions when it is drawn into Chapter 11 bankruptcy cases by large commercial customers.

Where the specialized expertise relates to the basic business of the entity, it might make sense to develop an in-house staff capable of dealing with all or some portion of such matters. The amounts spent on specialized outside counsel warrant a serious analysis of the issue. The S&WB spent over $600,000 in 1999 for counsel to represent it in natural gas proceedings before the New Orleans City Council (the regulatory authority in Orleans Parish). The City Council spent over $1.8 million in 1999 to hire outside counsel to assist the City in utility and telecommunications regulatory matters. The Louisiana Public Service Commission (PSC), which regulates private electric and gas companies throughout the rest of the state, spent approximately $417,000 on outside legal counsel. The PSC also uses in-house legal staff to handle regulatory matters.

Hiring qualified, specialized lawyers is complicated by the differential between private and public sector pay scales. A budget presentation made by the senior counsel of the Orleans Levee District indicated that in the New Orleans area, private sector associate attorneys with five years’ experience earned $60,000 to $70,000 a year at mid-sized law firms, while associate state civil service attorneys with similar experience earned about $32,000 to $43,000 per year. The starting annual salaries for positions used by the S&WB, "General Counsel" and "Assistant Special Counsel" (a more responsible position despite the job title), are set by the New Orleans Civil Service Commission at approximately $31,000 and $36,000, respectively. Interestingly, the New Orleans Civil Service Commission uses outside legal counsel instead of classified civil service lawyers.

Although the pay gap is reduced if benefits are factored in, differentials of that magnitude can make it difficult to attract qualified employees.

Some public entities close the pay gap by allowing in-house attorneys to maintain a limited private law practice. Others provide competitive compensation by hiring in-house counsel by contract. St. Bernard Parish (which is served by the District Attorney’s office) has a contract employee who acts as in-house counsel. The current contract provides for compensation of $67,000 per year. The St. Bernard contract attorney is not under civil service but receives the same employee benefits as other parish employees.

Other aspects of civil service can make the retention of such counsel unattractive. For example, civil service protection can make it difficult to terminate an employee. Contracts with outside counsel, on the other hand, can provide for termination at the option of the governmental entity.

As the above discussion indicates, it can be difficult to assess the benefits and costs of using outside counsel, as opposed to hiring additional in-house staff. In addition, an entity desirous of hiring in-house staff might find the execution of its plan hindered by obstacles, such as civil service salary schedules. Nonetheless, a formal analysis of the issue, particularly for entities with substantial legal expenses, is warranted.

**THE COST OF OUTSIDE LEGAL SERVICES**

The results of a survey of selected entities in the New Orleans area indicate that local governments pay significant amounts for outside legal assistance. Seventeen local government entities in the New Orleans Metropolitan Area spent over $13 million on outside legal services during the year studied.

The following table provides information on the use of outside counsel by seventeen of the eighteen local entities surveyed by BGR. The District Attorney
representing St. Tammany Parish did not provide the information requested for the table.

The table covers the 1999 calendar year or, in the case of entities using a non-calendar fiscal year, the 2000 fiscal year. Additional information regarding legal services for the surveyed entities, including names of law firms and amounts paid, is available in Appendix A to this report.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Active Contracts</th>
<th>Hourly Rates</th>
<th>Amount Paid (Survey Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Bernard Parish</td>
<td>1</td>
<td>$90 to $120</td>
<td>$36,386</td>
</tr>
<tr>
<td>City of Gretna</td>
<td>3</td>
<td>$75</td>
<td>98,342</td>
</tr>
<tr>
<td>Gretna Police Department</td>
<td>1</td>
<td>Retainer</td>
<td>6,000</td>
</tr>
<tr>
<td>City of New Orleans¹</td>
<td>28</td>
<td>$50 to $175</td>
<td>At least 510,025</td>
</tr>
<tr>
<td>New Orleans City Council²</td>
<td>8</td>
<td>$100 to $280</td>
<td>1,973,895</td>
</tr>
<tr>
<td>New Orleans Aviation Board</td>
<td>13</td>
<td>$100 to $150</td>
<td>1,379,352</td>
</tr>
<tr>
<td>New Orleans Sewerage &amp; Water Board</td>
<td>16</td>
<td>$75 to $265</td>
<td>1,195,327</td>
</tr>
<tr>
<td>New Orleans Public Belt Railroad</td>
<td>2</td>
<td>$110 to $150</td>
<td>441,056</td>
</tr>
<tr>
<td>New Orleans Board of Liquidation, City Debt</td>
<td>4</td>
<td>$100 to $200</td>
<td>164,943</td>
</tr>
<tr>
<td>Jefferson Parish Sheriff’s Office</td>
<td>4</td>
<td>$80 to $115</td>
<td>582,669</td>
</tr>
<tr>
<td>Louisiana Stadium and Exposition District³</td>
<td>3</td>
<td>$125 to $150</td>
<td>241,395</td>
</tr>
<tr>
<td>Port of South Louisiana</td>
<td>6</td>
<td>$135 to $175</td>
<td>272,843</td>
</tr>
<tr>
<td>East Jefferson General Hospital</td>
<td>6</td>
<td>$90 to $175</td>
<td>1,076,280</td>
</tr>
<tr>
<td>West Jefferson Medical Center⁴</td>
<td>1</td>
<td>$90 to $175</td>
<td>487,805</td>
</tr>
<tr>
<td>Orleans Levee District</td>
<td>15</td>
<td>$100 to $150</td>
<td>1,290,676</td>
</tr>
<tr>
<td>Orleans Parish School Board</td>
<td>9</td>
<td>$90 to $150</td>
<td>2,473,801</td>
</tr>
<tr>
<td>Regional Transit Authority⁵</td>
<td>15</td>
<td></td>
<td>1,300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>135</strong></td>
<td></td>
<td><strong>$13,530,795</strong></td>
</tr>
</tbody>
</table>

¹ Incomplete data.

² Predominantly for utility lawyers. The entire cost of legal counsel for electric and gas regulation is reimbursed by Entergy (which ultimately recoups the cost through an approved utility rate structure).

³ Does not include legal services contracts for SMG, general manager of the Superdome and Arena.

⁴ Does not include two contracts for $700 or less.

⁵ Budgeted for legal services; actual expenses not provided.

**PRACTICES AND PROCEDURES**

A well-structured contracting system would provide for comprehensive written procedures, an optimal competitive selection process, adequate and accessible contract documentation, and contract management and oversight. These elements are discussed below.

**WRITTEN PROCEDURES**

For state agencies, state law provides a comprehensive set of written procedures for professional services contracting, governing the steps from initial preparation of a cost-benefit analysis to final evaluation of performance. BGR found no comparable set of comprehensive written procedures at the local level.

This is not to say that local government entities have no written policies and procedures at all. Municipal and parish charters, statutes affecting a particular agency, and local ordinances dictate practices for some units of government regarding outside legal counsel. Written administrative policies may supplement legal requirements.
For the entities surveyed, the written requirements generally cover basic issues, such as whether approval by a board or council is necessary to employ outside counsel. A few of the entities surveyed did have detailed written policies on various aspects of their legal services contracting. None addressed all the issues covered by state law for state agencies. The New Orleans Aviation Board’s “Outside Counsel Policies and Procedures” sets forth some of the more comprehensive requirements, including supervision of outside counsel, reporting requirements, and billing protocols. The Orleans Levee District (OLD) has a fee schedule and detailed written procedures for billing and contracting.

The City of New Orleans has a policy memorandum that spells out the administrative process for obtaining professional services, including legal services. The memorandum includes a mandatory form of written contract.

Where they exist, written procedures are not always followed. For example, New Orleans’ executive branch legal services contracts are subject to a formal Request for Qualifications/Request for Proposals (RFQ/RFP) process. The process may be waived in a defined emergency, but written notice must be given to the city council. The process has been waived in the past; council staff indicates that the council has not received notice of such waivers.

Section 4-403 of the New Orleans City Charter, which requires council approval of the retention of and compensation paid to special counsel by departments and boards, is also not followed.

The New Orleans Civil Service Commission’s rules require that professional services contracts be reviewed and approved by its director. The Sewerage & Water Board (the S&WB) does not follow this rule for its legal services contracts.

The S&WB’s written policies provide for written contracts and written performance evaluations for professional services contractors. However, formal written contracts are not used, and performance evaluations are not prepared for outside counsel.

**COMPETITIVE SELECTION PROCESS**

Five of the entities surveyed employ a formal competitive selection procedure for legal counsel. They include the S&WB, East Jefferson General Hospital (EJGH) and West Jefferson Medical Center (WJMV), the City of New Orleans, and The Port of South Louisiana.

The S&WB has an RFQ/RFP process for professional services contracts in excess of $15,000. Advertisements are placed in the Official Journal of the City of New Orleans. An in-house committee reviews the responses, ranks them, and sends them to a board committee for review. The board committee in turn makes a recommendation based on criteria stated in the policy to the full board (which includes four elected officials) for final approval.

Jefferson Parish created EJGH and WJMC. The parish council selects outside counsel for the two hospitals using an RFQ procedure established by a Jefferson Parish ordinance. The procedure for legal services requires advertising, submission of statements by applicants, and evaluation by a council committee based on written criteria. Thus, elected officials perform evaluations and make selections based on their own evaluations. The Jefferson Parish written procedure contains some elements worthy of consideration by other jurisdictions, including disclosure of political campaign contributions to parish officials by applicants for legal services and other professional services contracts.

The Home Rule Charter of the City of New Orleans requires the use of competitive selection procedures for professional services for the executive branch and the council. The charter mandate has been implemented through an executive order and a council rule. Both the executive order and the council rule require the use of an RFQ/RFP procedure and advertising for contracts of more than $15,000, subject to exceptions such as for emergency situations and renewals of certain contracts.
Pursuant to the council rule, a council staff committee reviews proposals against written criteria and sends written, unranked evaluations of up to five proposals to the appropriate council committee. The council committee reviews the staff’s evaluations and selects an applicant to submit to the full council for final selection.

Pursuant to the executive order, an executive branch committee consisting of mayoral appointees evaluates legal services proposals for contracts requiring the mayor’s signature against written criteria. The committee submits to the mayor written evaluations of the three most qualified proposals. The mayor is required to select one of the three, giving consideration to the committee’s evaluations.

Pursuant to a state law specifically governing it, the Port of South Louisiana issues requests for proposals for legal work if the cost is anticipated to exceed $100,000. This threshold eliminates most contracts from the competitive procedure.

In jurisdictions and entities without formal competitive selection procedures, elected officials and board members appointed by elected officials also play pivotal roles in the selection of outside counsel. Decisions to hire outside counsel may be based on recommendations of the mayor, parish president, chair or employees. The Executive Director of the Port of South Louisiana makes recommendations to his board. OLD’s in-house counsel, a civil service employee, provides recommendations to the board president. The New Orleans Public Belt Railroad Commission’s (PBR) legal committee, which includes board member attorneys, makes a recommendation on employment of outside counsel to the full PBR board.

For most entities, governing boards or councils vote on selection of outside counsel at public meetings. In the case of entities that do not have a governing board (such as sheriffs’ offices), the elected official’s selection of counsel is not the subject of a public meeting.

Governmental organizations and their outside counsel sometimes develop long-standing relationships as a result of counsel’s expertise in specific areas or familiarity with the organization. The PBR has employed the same law firm as general counsel since its selection in 1958. The Board of Liquidation, City Debt and the Jefferson Parish Sheriff’s Office have retained the same firms or individual attorneys for over twenty years. Absent some serious dissatisfaction with counsel or a legal requirement for a periodic advertising and RFQ/RFP process, many political subdivisions keep the same lawyers.

**Observations on Competitive Selection Procedures**

Proponents of competitive processes for choosing counsel maintain that competition is the best remedy for political patronage and favoritism in government contracting. Critics argue that a formal, competitive system to select attorneys is a waste of time and resources and could discourage some attorneys from submitting applications, particularly for the more demanding RFPs.

Both proponents and opponents have their points. It is possible, however, to structure a competitive system that is appropriate in its burden to the services to be provided. Such a system would utilize different approaches depending on the scope and nature of the work.

By way of example, an entity might contact a number of pre-qualified firms for contracts with a maximum value under a reasonable threshold. The same entity might require an RFQ procedure for legal service contracts within an intermediate range and the more complicated RFQ/RFP process for larger, more complex matters. In an RFQ process, the governmental entity would attempt to negotiate price and conditions with the firm rated the best qualified from among the respondents. If that failed, the entity would proceed to negotiations with the next most highly qualified candidate. An RFQ/RFP would stipulate the requirements of the job.
and invite applicants to submit their qualifications, a proposed approach to the problem and a price.

In any case, an effective RFQ/RFP process must contain three key elements: (i) outreach designed to maximize competition, (ii) written evaluations of applications by professional staff using stated criteria, and (iii) elimination or minimization of the role of elected officials in the selection of a contractor.

BGR is not at this preliminary stage attempting to define a specific approach for the various entities that it reviewed. Rather, it is pointing out the lack of competitive processes and calling on local entities to create a more competitive environment.

BGR stresses that the existence of a competitive process on paper is not enough to ensure competitive selection. To be effective, such processes must be structured to minimize the potential for political interference. Procedures that give elected officials wide latitude in making the final selection of outside legal counsel, such as those established under the charters for the City of New Orleans and Jefferson Parish, have the potential to diminish or destroy the effectiveness of the competitive processes.

**CONTRACT DOCUMENTATION**

The most serious documentation lapse encountered by BGR was the routine failure of many local governments to use formal written contracts to retain local counsel. Letter agreements or simply verbal agreements are used in most cases.

Written contracts spelling out the relationship between the public entity and the legal services contractor can serve a number of purposes, not the least of which is providing disclosure of relevant terms and conditions to the public. They are also critical to the monitoring and evaluation of performance by outside counsel. Improvements in this area could be implemented at relatively little cost.

Most local government entities surveyed by BGR appeared to maintain existing records pertaining to outside legal services in a reasonable manner. Bills, budget information, contracts or engagement letters (if used), and other pertinent information were generally readily available for inspection.

There were notable exceptions. The Regional Transit Authority, the Gretna Police Department, and the District Attorney representing St. Tammany Parish did not produce all the information requested.

In a number of cases, collecting information on legal services contracts was complicated by the lack of a central repository. The Law Department for the City of New Orleans, which is legally charged with maintaining in its archives every contract to which the city is a party, had information on some of its own contracts readily available. However, it could initially not provide a list of outside counsel or contract information for other departments, boards, and agencies of city government. The Law Department subsequently sent a survey to departments and agencies to obtain this information. Despite its efforts, the information provided by the department remained incomplete.

The parish government in St. Tammany provided all the information it had on outside legal services. However, since its legal affairs are handled by the district attorney, an additional interview with the parish district attorney’s office was needed for questions regarding the selection of outside counsel.

Information for the Regional Transit Authority was also dispersed. The Authority has a three-tier structure: its board contracts with a management firm that owns an operating company. All three tiers retain outside counsel, but there is no central outside counsel database.

Public access and oversight would be facilitated by the establishment of a central repository for legal services contracts. Centralized record keeping could be implemented in several different ways.
1. The legislature could enact a statute requiring all local government entities to file contracts for outside legal services contracts with the Office of Contractual Review or some other state office. This approach could prove to be overly burdensome or costly for state government, however.

2. The legislature could enact a statute requiring each local government entity to establish (by ordinance or resolution and by a certain date) a uniform system for reporting such information internally to a single office within the local government entity. Any such legislation would have to be crafted with an awareness of and sensitivity to the constitutional protections afforded home rule jurisdictions.

3. Local entities, acting on their own initiative, could establish such a system by charter revision, ordinance, or executive order. Leaving the initiative wholly within the discretion of local governments, however, could result in a lack of uniformity and inaction by many.

**CONTRACT MANAGEMENT AND OVERSIGHT**

Contract oversight appears to be an area with significant room for improvement. Many of the entities reviewed have no formal oversight program for monitoring cases. Where such programs exist, they vary in their approach.

The New Orleans Aviation Board’s (NOAB) general counsel and OLD’s senior counsel are enrolled as additional counsel of record in litigation and review all significant pleadings prepared by outside counsel. NOAB and OLD require periodic case status reports. In-house counsel for the S&WB and St. Bernard Parish monitor cases handled by outside counsel. The Chief Deputy (an attorney) of the Jefferson Parish Sheriff’s Office holds regularly scheduled status conferences with contract lawyers where the potential liability may exceed $25,000.

In-house counsel (where available), accounting personnel, and/or top administrators generally review bills from outside counsel. Some entities, such as JPSO and the Port of South Louisiana, have key executives who happen to be lawyers and review bills submitted by contract attorneys.

Familiarity with legal proceedings in general or with a specific case being handled by outside counsel can assist in determining the reasonableness of bills submitted by outside counsel. However, in the absence of written billing procedures, the task of reviewing bills becomes difficult regardless of who performs the review.

Absent written guidelines for billing, wide variations in billing can occur within the same entity. For example, one entity without written requirements paid invoices from law firms using different hourly billing increments. Travel time was billed in different ways by different firms. BGR also observed unusual billing items, including hours billed for a continuing legal education seminar and purchases at a local gas station by a local attorney. The entity paid the bills as submitted.

None of the local government entities surveyed uses formal written performance evaluations in connection with outside counsel. Thus, neither good nor bad performance is documented for the benefit of the public and the entity’s own institutional memory.
RECOMMENDATIONS

Despite the limited scope of its review, BGR did identify certain areas for improvement. The following recommendations address some of the more glaring areas of concern.

♦ Local government entities with substantial legal expenses should analyze whether its legal work is properly allocated between in-house and outside counsel.

♦ Local governmental entities should use written contracts when retaining outside counsel. (See Appendix B for suggested contract provisions.)

♦ Each local governmental entity should maintain in a single location copies of all legal services contracts and the related documentation including cost-benefit analyses, selection process information, billing and payment data, and evaluations.

♦ Legal services contracts should be awarded through a competitive selection process appropriate to the services to be provided, designed to obtain a sufficiently broad pool of applicants, and calculated to eliminate or minimize the role of elected officials in the final selection of a contractor.

♦ Local governmental entities should develop and implement comprehensive written policies and procedures for selecting counsel and managing legal services contracts.