



ON THE BALLOT

A Report from the Bureau
of Governmental Research

JEFFERSON PARISH INSPECTOR GENERAL TAX RENEWAL, NOVEMBER 3, 2020

IN BRIEF

Voters in unincorporated areas of Jefferson Parish will decide whether to renew a 0.5-mill property tax dedicated to the Office of Inspector General (OIG) and the Ethics and Compliance Commission (Ethics Commission). If approved, the tax would run for another 10 years, beginning in 2022. The tax would generate \$1.5 million in the first year. Homeowners would pay \$5 annually on each \$100,000 of property value above the homestead exemption.

While the millage is a relatively small part of property tax bills, it is the sole source of revenue for both the OIG and the Ethics Commission. Without it, the entities would soon cease to exist unless Parish leaders found another revenue source. The current tax will expire at the end of 2021.

REPORT HIGHLIGHTS

The purpose of the OIG is to identify and deter fraud, waste, abuse and illegal acts, as well as increase accountability, in Jefferson Parish Government (the Parish). The inspector general leads the office, which operates independently from the Parish.

The Ethics Commission appoints and oversees the inspector general. It also carries out quasi-judicial functions relative to Parish government, such as enforcing ethics rules. The commission consists of five Jefferson Parish residents appointed by the Parish President, based on nominations received from the presidents of local universities and colleges, and confirmed by the Jefferson Parish Council (the Council).

To analyze the proposition, BGR considered four questions that address the efficient and effective use of public resources: (1) Are there compelling reasons to continue funding the ethics entities? (2) Are there better funding options than the proposed tax? (3) Is the tax appropriately sized? (4) Will the tax revenue be well spent? For its analysis, BGR examined the OIG's reports, budgets and other documents, and interviewed supporters and critics of the office.

Are There Compelling Reasons to Continue Funding the Office of Inspector General and the Ethics Commission? A properly functioning and well-funded OIG can support transparency and accountability in Parish government, build public trust and confidence, strengthen the case for businesses to invest and operate in the parish, and discourage corruption. The Ethics Commission can support integrity in Parish government and provide independent oversight of the OIG. In 2011, BGR supported the creation of the OIG and the Ethics Commission and their dedicated funding.

From its inception in 2013 through August 2020, the OIG published three dozen reports that questioned more than \$42 million in Parish expenditures (see chart on next page). Key areas of focus included the

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This report is the latest in BGR's *On the Ballot* series, which provides voters with objective, nonpartisan analysis of significant ballot propositions in the New Orleans metropolitan area. In producing *On the Ballot* reports, BGR recommends positions consistent with its mission of promoting informed public policy and the effective use of public resources for the improvement of local government. *On the Ballot* reports bring to light the strengths and weaknesses of ballot propositions and assess the potential for government expenditures or actions to efficiently achieve beneficial outcomes for citizens.

Parish’s financial management, deficiencies in contracting practices and policies, and accountability for Parish funds paid to outside entities.

Some observers criticize the current inspector general’s performance. They challenge the OIG’s total amount of questioned costs, particularly those related to overtime pay for Parish employees. They also say the OIG missed opportunities to comment on high-priority issues and question the timeliness and relevance of some reports. In addition, they raise concerns about the resources spent by the OIG compared to the cost savings uncovered by the office.

While there may be room for improvement in the OIG’s performance, the proposition is not a referendum on the current inspector general. Rather, in deciding whether to renew the tax, voters must consider the value of the office itself and the Ethics Commission in providing independent oversight of Parish government.

If voters reject the proposition, the Council would likely view this as a mandate to cease operation of the OIG and the Ethics Commission. In the absence of a dedicated funding source, the Parish charter authorizes the Council to abolish the OIG with a two-thirds vote.

Are There Better Funding Options Than the Proposed Tax? The national Association of Inspectors General recommends funding an OIG with a dedicated per-

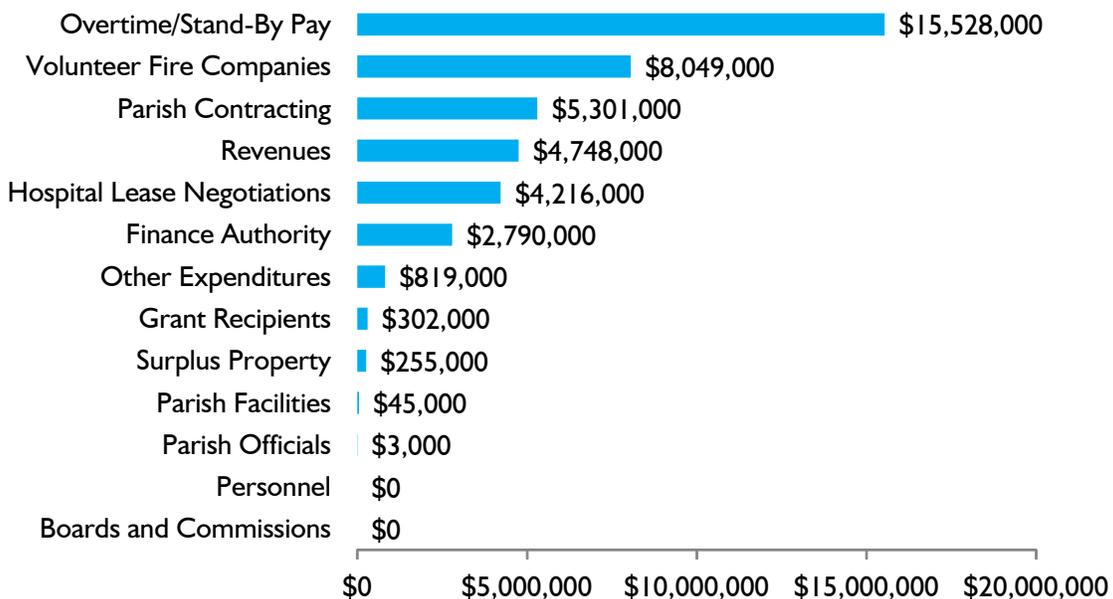
centage of the government’s general fund. Establishing this funding approach in the local government’s charter makes it permanent and ensures an inspector general’s independence by removing control of the OIG’s budget from local officials whom the OIG monitors. The Parish did not pursue this approach when it created the entities, opting instead to fund them in a revenue-neutral way by rededicating an existing tax.

Alternatively, the Council could allocate a portion of the Parish General Fund to the OIG and the Ethics Commission on an annual basis. However, this approach would create an untenable conflict of interest because the Council would control the budget of the OIG, the oversight body charged with auditing and investigating its actions.

By contrast, the 10-year dedicated tax provides essential funding for the OIG and the Ethics Commission and supports their independent oversight.

Is the Tax Appropriately Sized? The OIG receives most of the tax revenue and uses it primarily to cover personnel salaries and benefits for the office’s 10 employees. These costs will total \$1.1 million this year, or 80% of the office’s \$1.4 million budget. Some observers raised concerns about high personnel costs; however, a comparison of salaries shows that Jefferson OIG staff members earn less than their peers in the New Orleans Office of Inspector General.

JEFFERSON OIG QUESTIONED COSTS BY TOPIC, 2013 TO AUGUST 2020



BGR analysis of Jefferson Parish Office of Inspector General’s Recommendation Tracker, August 31, 2020

Fluctuations in the OIG's staffing and workload have resulted in surplus revenue in some years and deficits in others. While the OIG has \$1.1 million in reserve, it is mostly unspent revenue from when the new office was not fully staffed. Voters approved a charter amendment to allow the OIG to retain the unspent revenue, but the office's total reserve cannot exceed what the tax generated in the most recent year. Some observers question the size of the OIG's reserve and say the funds could be used to address more urgent Parish needs. In response, the inspector general says the financial cushion enables the office to meet unexpected costs, such as retaining outside counsel or experts or covering budget shortfalls.

Annual tax revenue is sufficient to fund the OIG's current audit and investigation programs. However, it is insufficient to fund a full-time program of inspection and performance reviews. Such a program, which is a function of the OIG according to the Parish charter, would identify ways in which Parish government can become more efficient and effective. According to the inspector general, the office has not used its reserve to implement the program because it would deplete those funds within two or three years. If voters renew the tax and revenue is sufficient to cover additional personnel costs, the office intends to initiate a limited, single-person inspection and performance review program.

Will the Tax Revenue Be Well Spent? The OIG prioritizes its annual audit work based on a risk assessment and adheres to professional standards for conducting audits and investigations. In holding the OIG accountable, the Ethics Commission meets regularly with the office and receives periodic performance reviews from local citizens and national peers. Thus far, the OIG has received positive reviews from both groups. While

there is no review of the commission itself, the commission says it will seek to establish a process for annual evaluation of its performance.

The ultimate effectiveness of the OIG depends on the responsiveness of Parish officials. The Council, Parish President and other affected entities have no legal obligation to respond to an OIG report. Based on a recommendation tracking system created by the OIG, these parties have responded to the office's reports just 18% of the time from 2013 through August 2020. Obtaining responses from the Council has been particularly problematic because the body lacks a process for its seven members to provide a collective response to the OIG.

The OIG also has no authority to force the Council, Parish President or others to implement any recommendation. The OIG issued 184 recommendations from 2013 through August 2020, directing the bulk of them to the Parish administration and the Council. According to the OIG, corrective actions have been implemented for 77 of the 184 recommendations, or 42%. This reflects the office's struggle to obtain support from previous administrations and a consensus from the full Council. Since taking office in January, the current administration has accepted many of the OIG's recommendations made in the four reports issued through August.

The OIG's recommendation tracking system has elevated public visibility and increased accountability for Parish officials in implementing the office's recommendations. The OIG could enhance the system by clarifying who has the authority to implement a recommendation and recording any corrective action taken. This would give the public a better understanding of the OIG's overall success.

BGR POSITION

FOR. The half-mill property tax provides essential funding for the Jefferson Parish Office of Inspector General and the Ethics Commission. The dedicated tax is the best available funding mechanism to support the entities' independent oversight of Parish government. The Office of Inspector General, which receives most of the tax revenue, follows professional standards and practices in conducting audits and investigations, develops and publishes an annual audit plan, tracks the implementation of recommendations, and undergoes periodic performance reviews. Combined, these measures support the office's potential to spur effective improvements in Parish government.

Room for improvement, however, remains in several areas. The Office of Inspector General should clearly justify to the Ethics Commission its allocation of resources for each project. This would give the public a better understanding of the staff time spent on each report, allowing them to judge whether the return was worth the effort. Further, the office should more clearly report to the public who is responsible for implementing each recommendation and any corrective actions they take. Finally, to increase the potential effectiveness of the OIG's work, the Parish Council should adopt formal processes for the Parish administration and the Council members themselves to respond to an OIG report.