



OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

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March 2, 2017

OPEN LETTER TO THE PARISH COUNCIL AND PARISH PRESIDENT

Council Chairman Chris L. Roberts, At-Large
1221 Elmwood Park Blvd., Suite 1016
Jefferson, LA 70123

Councilman Ricky J. Templet, District No. 1
200 Derbigny Street, Suite 6200
Gretna, LA 70053

Councilman Mark Spears, Jr., District No. 3
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Councilwoman Jennifer Van Vrancken,
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1221 Elmwood Park Blvd., Suite 1014
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Councilwoman Cynthia Lee-Sheng, At-Large
1221 Elmwood Park Blvd., Suite 1018
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Councilman Paul Johnston, District No. 2
1221 Elmwood Park Blvd., Suite 1013
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Councilman Jack Rizzuto, District No. 4
1221 Elmwood Park Blvd., Suite 1015
Jefferson, LA 70123

Mike Yenni, Parish President
1221 Elmwood Park Blvd., Suite 1002
Jefferson, LA 70123

RE: JPOIG Case No. 2016-0041
Contract Compliance and Management

Honorable Parish Council and Parish President:

On April 22, 2016, the Parish engaged Nemzoff & Company, LLC (“Nemzoff”) for a cost not to exceed \$350,000 over a ten-month term for service related to the lease of West Jefferson Medical Center to LCMC Health. Deliverables required under the contract included the following:

- written direction and advice to HSD1 regarding compliance with lease documents;
- recommended protocols, policies and procedures incorporating industry standards;
- recommendations regarding the governance and management of HSD1;
- assessment of available options and recommendations for a permanent governance;
- proposed and necessary recommended resources to complete all post-closing administrative and financial matters.

The work described above is set out with fair specificity in Sections 3.1 through 3.3 of Nemzoff’s contract with the Parish.

Nemzoff has been paid in full under the terms of the contract. However, Nemzoff has not delivered to the Parish required work products with sufficient form and detail to provide meaningful advice and direction on future management issues, pursuant to the contract.

Notably, the Parish has not received the following work product for which it has paid:

- written direction and advice to HSD1 regarding compliance with lease documents;

- recommended protocols, policies and procedures incorporating industry standards;
- recommendations regarding the governance and management of HSD1;
- assessment of available options and recommendations for permanent governance;

Concerns regarding performance and management of this engagement were the subject of a detailed investigative report, JPOIG 2016-0041, which was delivered to Councilmembers in draft form on 12/09/2016 and published on 02/15/2017.

On 12/07/2016 the JPOIG, believing the pending report to contain sufficient and supported detail of material non-compliance, requested the Council delay a scheduled vote to extend the contract, which would not have expired before the January 2017 Council meeting. However, the Parish Council passed Resolution No. 128414, on a split vote, extending the contract without choosing to review the JPOIG report issued just two days later.

Resolution 128414 proposed to extend Nemzoff's contract by six months citing "unanticipated delays in the completion of Scope of Services defined in the April 22, 2016," but also provides for monthly payments of \$25,000 totaling \$150,000. The proposed amendment extends Nemzoff's engagement until Ernst & Young's engagement is concluded, essentially placing Nemzoff on a \$25,000 a month retainer with no defined new deliverables.

The Council Chair and Vice Chair declined to execute the contract extension. On 02/22/2017 via Resolution 128738 from the floor, the Council passed a resolution authorizing the Parish Attorney to execute an amended contract with Nemzoff. To date, the Parish continues its engagement of Nemzoff at a cost of \$25,000 per month. Further, there has been no demand upon Nemzoff to render performance and produce the deliverables for work covered under the last engagement and for which there has been full payment.

The written direction and advice to HSD1 regarding compliance with Lease documents, recommended protocols, policies, procedures incorporating industry standards and other work products for which Nemzoff was engaged are critical for effective and efficient management, oversight and compliance over the initial 45-year lease term. It is clear that the Parish needs professional, quality guidance in this area. Since the Parish has failed to make demand for this product from Nemzoff, it is wholly unclear who will produce it and at what additional cost.

I encourage the Parish Council and Administration to ensure the proper receipt of the professional services for which it contracted.

Respectfully,



David N. McClintock
Inspector General

cc: Keith Conley, Chief Operating Officer
Tim Palmatier, Finance Director
Alan Gandolfi, Director of Research and Budget
Michael J. Power, Parish Attorney