

OFFICE OF INSPECTOR GENERAL
CITY OF NEW ORLEANS



ED QUATREVAUX
INSPECTOR GENERAL

June 17, 2015

Mr. Cedric S. Grant, Executive Director
New Orleans Sewerage & Water Board
625 Saint Joseph Street, Room 237
New Orleans, LA 70165

Dear Mr. Grant:

The Office of Inspector General (OIG) conducted a performance audit titled "Sewerage & Water Board of New Orleans Payroll Performance Audit" for the period January 1, 2013 through December 31, 2013. The purpose of this management letter is to document the observations noted during that performance audit. Observations are deficiencies in internal controls; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse, which were not significant to the objectives of the engagement, but warrant your attention.

During the performance audit, the OIG requested a list of all employees employed at the S&WB during 2013 and selected a random sample of 88 for testing. To determine the completeness of each employee's personnel file, the OIG inspected various personnel documentation. During our testing, we noted the following:

1. Twenty-eight of the 88 personnel files (32%) selected for testing did not include a copy of the Supervisory Interview Form.¹
2. The S&WB's document filing method was not adequate to determine where records were located. The S&WB was unable to locate timesheets for three of the 88 employees (3.4%) selected for testing, which prevented audits of those employees' records.
3. Three of the 88 employees selected held dual-assignment positions.² The S&WB Personnel Director did not pre-approve the assigned dual-assignment position for two of the three employees (67%) tested.
4. In two instances, S&WB employees were supervising one or more employees with whom they reside.

¹ S&WB Policy Memorandum No. 40 required the Supervisory Interview Form to be completed by a supervisor at the end of each interview.

² Civil Service Rule III, Section 5 required that when an employee met the qualifications for a secondary job classification, management could approve a dual assignment. Dual-rate employees temporarily worked in their secondary classification and received compensation at the secondary rate when a vacancy needed to be filled. Prior to a dual assignment appointment, the Personnel Director was required to verify that the employee satisfied all Civil Service minimum qualification requirements for that classification.

The OIG also made the following overall observations:

5. Background checks were only performed on new hires for cashier positions. A background check could identify any potential applicants that were applying under a false identity or had prior convictions, as well as verifying past work experience listed on the employment application.
6. Civil Service did not have access to S&WB's personnel and payroll systems and had to rely on information provided to them by the S&WB.

Please note that these observations are provided for informational purposes only, and responses are not required.

If you have any questions please contact Erica Smith, Chief of Audit and Review, at 504-681-3200 or esmith@nolaoig.org.

Sincerely,



E.R. Quatrevaux
Inspector General

cc: Andrew D. Kopplin, First Deputy Mayor & CAO
Robert Miller, S&WB Deputy Director
Lisa M. Hudson, Civil Service Personnel Director