

OFFICE OF INSPECTOR GENERAL
CITY OF NEW ORLEANS



ED QUATREVAUX
INSPECTOR GENERAL

May 9, 2014

Norman Foster, Chief Financial Officer
City of New Orleans
1300 Perdido St.
New Orleans, LA 70112

Dear Mr. Foster:

On May 7, 2014, the Office of Inspector General issued the *New Orleans Police Department (NOPD) Grants Performance Audit*. As part of the audit's testing procedures, grant expenditures made during the testing period were compared to the financial records.¹

The following condition was noted during testing.

What Happened: Expenditures for the Community Oriented Policing Services (COPS) Technology Grant (Award #2008CKWX0401)² were not posted in the proper accounting period. In 2012, expenditures were incurred totaling \$229,325; however, only \$220,737 of those expenditures were posted in the 2012 financial records. The remaining \$8,588 was posted in the 2011 financial records. While this amount was immaterial to the 2012 expenditures, not all grant expenditures were tested. The magnitude of the problem is unknown.

What is Required: The *2008 Technology Program Grant Owner's Manual*³ required the agency to "establish and maintain accounting systems and financial records to accurately account for funds awarded and disbursed." Generally Accepted Accounting Principles (GAAP) requires that expenditures are posted in the period incurred.

Why it Happened: The purchase orders were issued in 2011. Since the purchase orders were not rolled forward to the current year in AFIN,⁴ the expenditures were posted in 2011 instead of 2012.

Impact: By posting certain expenditures in 2011, the financial records did not match the grant funds reported to the grantor in 2012.

Recommendation: The City should develop processes to ensure that expenditures are posted in the proper period in compliance with GAAP and grant reporting.

¹ The general ledger.

² Issued by the U.S. Department of Justice.

³ Ibid.

⁴ AFIN is the software system that the City uses to record grant activity.

If you have any questions, please contact Eileen Shanklin-Andrus, Assistant Inspector General of Audit and Review at (504)681-3200.

Sincerely,



E.R. Quatrevaux
Inspector General

cc: Andy Kopplin, First Deputy Mayor & CAO
Ret. LTC Jerry Sneed
Ronald Serpas, NOPD Superintendent
Derrick Muse, Deputy Director of Finance
Stephanie Landry, NOPD Assistant Superintendent
Joanne Schmidt, NOPD Grants Director