

OFFICE OF INSPECTOR GENERAL
CITY OF NEW ORLEANS



ED QUATREVAUX
INSPECTOR GENERAL

February 24, 2015

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

Dear Mr. Foster:

On July 2, 2014, the Office of Inspector General (OIG) issued *Follow-up Report: The Payroll Internal Control Performance Audit* (July 2014 report). On February 4, 2015, the OIG issued *Follow-up Report: Payroll Liabilities Performance Audit* (February 2015 report). As part of the testing procedures for both follow-ups, the timeliness of the Payroll Clearing Fund reconciliations was evaluated.

The testing revealed that the City reconciled the Payroll Clearing Fund timely during the fourth quarter of 2013;¹ however, the reconciliations were not performed timely during the third quarter of 2014.² According to the City, the three reconciliations for the third quarter of 2014 were due on October 31, 2014, but the reconciliations were not completed because of the loss of one accountant. The City stated that they expected to have the reconciliations completed by the end of November. However, as of January 9, 2015, the reconciliations were still not complete.

The regular, timely reconciliation of the Payroll Clearing Fund is critical to assure that funds are appropriately transferred to the multiple accounts in this fund and that any non-zero balances are researched and resolved as quickly as possible.³ The City should consider providing cross-training to the accounting staff so that the loss of one accountant does not lead to the delay of this important reconciliation.

¹ Tested in the July 2014 report.

² Tested in the February 2015 report.

³ Accounts included within the Payroll Clearing Fund include federal and state withholding, social security, health insurance, flexible spending accounts, wage garnishments, etc.

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: Andrew D. Kopplin, First Deputy Mayor & CAO