

EXECUTIVE SUMMARY

In 2011 the Office of Inspector General (OIG) issued a report titled “The Payroll Internal Control Performance Audit” (2011 Report). The City of New Orleans (City) internal controls related to the payroll process and the adequacy of access controls for each software program used to process payroll were audited in the 2011 Report.

The 2011 Report documented 13 findings and 6 observations, and offered 19 corrective actions to the 19 recommendations. The City accepted all but one recommendation in its original response.

The Follow-up review found that the City implemented 3 recommendations, and partially implemented 6 recommendations. Three recommendations were not implemented and one recommendation could not be tested because the new ADP system was not fully implemented at the time of the follow-up review.

The City also accepted 5 recommendations related to observations. The Follow-up review found that 4 recommendations were implemented and the fifth could not be tested because the new ADP system was not fully implemented.

The original report found that “In 2009, 597 employees or 13% of the City’s 4,614 employees exceeded the maximum overtime limit of 416 hours per year...” The Follow-up review found that 201 of the City’s employees worked more than 416 hours of overtime in 2013.

The original report found that some employees had the ability to perform all three levels of approval within their departments, and the Follow-up review found that 2 employees retained that access.

The original report found 285 outstanding payroll checks that should have been remitted to the state, and the Follow-up review found 3 payroll checks that had not been remitted.

The City partially implemented 6 recommendations to which it had agreed. For example, the City had placed the signature stamp used for checks in a locked cabinet as recommended, but an unauthorized person had a key to the cabinet.

The City has clearly made progress in its payroll controls, but more work is necessary to fully correct the findings of the original report.