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**CITY OF NEW ORLEANS**



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**AUDIT FINDS EXCESSIVE OVERTIME AND STANDBY PAY FOR SEWERAGE AND WATER BOARD PERSONNEL**

The New Orleans Office of Inspector General (OIG) today released a [report](#) titled “Sewerage & Water Board of New Orleans Payroll.” The audit found the Sewerage and Water Board (S&WB) paid its employees \$1.5 million in standby pay and a projected \$3 million in overtime pay in violation of Civil Service rules and the Louisiana Constitution.

Auditors examined the payroll internal controls of the S&WB for the period January 1, 2013 through December 31, 2013 by selecting a random sample of 88 employees. Using this sample, auditors projected approximately \$3 million of overtime paid in violation of Civil Service Rules. These rules limit employee overtime to 416 hours per year and require advance approval if an employee is expected to exceed eight hours of overtime in a week.

The audit found S&WB paid approximately \$1.5 million to all employees who were “on call” during 2013. Because these employees were not prohibited from using their time for personal purposes, these payments were in violation of Civil Service Rules and the Louisiana Constitution’s prohibition on donation of public funds. S&WB employees were able to conduct personal business while earning standby pay. Thirty-two S&WB employees earned standby pay but no overtime for the year, which indicated that there was no need for them to be “on call.” Moreover, five employees logged regular, overtime, and on-call hours totaling from 19.3 to 26.5 hours every day in 2013. The auditors recommended that S&WB discontinue its practice of approving standby pay. Instead, S&WB should evaluate its crew size and required staffing levels to ensure that employee workloads are efficient so that employees are not required to be “on call” and to allow more work to be paid as straight-time.

Auditors also found S&WB management did not effectively budget for or monitor overtime. S&WB spent \$9.4 million on overtime in 2013, exceeding its overtime budget by \$4.8 million. The top ten employees who earned overtime and standby pay received between \$55,136 and \$70,282 in additional pay, which ranged between 82 percent and 167 percent more than their base salaries. The audit recommended that S&WB managers develop monitoring and budgeting controls to ensure its employees are working within the overtime limits permitted by Civil Service and within the S&WB’s approved budget.

“No oversight and violation of policies created opportunity for fraudulent and wasteful payroll practices,” stated Inspector General Ed Quatrevaux. “The Sewerage and Water Board needs to determine optimal crew sizes and scheduling to eliminate unnecessary overtime and its costs. S&WB management acknowledged the problem and said it was working on designing controls on overtime authorization.”

The OIG also issued a one-page [OIG In Brief](#) publication which summarizes the reasons for the report, its findings, and recommendations.

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