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**OIG FOUND CITY POLICES LACKED INTERNAL CONTROLS TO ENSURE EMPLOYEES
REPORT ACCURATE TIME AND ATTENDANCE**

As detailed in the City Employee Time and Attendance report, the New Orleans Office of Inspector General (OIG) conducted an evaluation of the City's Chief Administrative of Office's (CAO) policies and procedures for employee time and attendance reporting. The OIG concluded that the City did not have clear policies to ensure salaried employees, especially executive-level employees, accurately reported time and attendance.

In the last several years, there have been multiple reports questioning the attendance of unclassified executive-level employees, including former members of the Office of Inspector General. The failure of these employees to report to work introduced considerations of not only payroll fraud, but efficiency and effectiveness of City government.

OIG evaluators found the City lacked internal controls to ensure proper timecard supervision in the City's payroll system (ADP). The names of 62 employees who left City employment were still listed as timecard approvers for up to several years after their separation. Evaluators also found the City had vague policies that did not ensure exempt (or salaried) employees reported leave time taken during a pay period. Further, City administrators were not aware of all of the guidelines prescribed in the City's policy for payroll and timekeeping oversight.

To address these findings, the OIG recommended the CAO work with ADP administrators and develop standard procedures for ensuring City departments update lines of supervision timely; strengthen internal controls for verifying the time attendance of exempt employees, especially those who are also unclassified; and conduct regular policy reviews.

In their official response, the City rejected the OIG's recommendation to strengthen internal controls for time and attendance reporting. While the OIG believes that most exempt and executive employees are performing their duties as required, the lack of internal controls has allowed some to exploit the current time and attendance policies in the past. The expenditure for City payroll for 2021 was \$459M, one of the largest budgetary expenditures.¹ It is therefore imperative that the City adopt mechanisms and policy provisions that reduce opportunities for fraud, waste, and abuse.

The City also rejected a recommendation to systematically and proactively review their own policies, stating policies are reviewed and revised "when issues with those policies arise."

¹ City of New Orleans, *2021 Adopted Annual Operating Budget*, (New Orleans: 2020), 66, accessed June 26, 2022, <https://nola.gov/getattachment/Mayor/Budget/City-of-New-Orleans-2021-Adopted-Budget-Book.pdf>. The figure does not include Sewage and Water Board.

“Salary compensations is one of the City’s largest budgetary expenditures. The lack of clear policies and procedures to ensure exempt employees report accurate time and attendance decreases the efficiency of City operations and the effectiveness of services to the citizens of New Orleans.”

In addition to today’s report, the OIG released a brief with highlights. Go to www.nolaog.gov to view all OIG reports.

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