

CITY OF NEW ORLEANS
OFFICE OF INSPECTOR GENERAL



COMPLIANCE AUDIT
ISSUED DECEMBER 9, 2009

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDIT ADVISORY COUNCIL
REPRESENTATIVE NOBLE E. ELLINGTON, CHAIRMAN

SENATOR NICHOLAS “NICK” GAUTREAUX
SENATOR WILLIE L. MOUNT
SENATOR EDWIN R. MURRAY
SENATOR BEN W. NEVERS, SR.
SENATOR JOHN R. SMITH
REPRESENTATIVE NEIL C. ABRAMSON
REPRESENTATIVE CHARLES E. “CHUCK” KLECKLEY
REPRESENTATIVE ANTHONY V. LIGI, JR.
REPRESENTATIVE CEDRIC RICHMOND

TEMPORARY LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

DIRECTOR OF COMPLIANCE AUDIT
DAN DAIGLE, CPA, CIA, CFE

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$16.92. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor’s Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 2191 or Report ID No. 50090035 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne “Skip” Irwin, Administration Manager, at 225-339-3800.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 9, 2009

Mr. Edouard Quatrevaux
Inspector General
City of New Orleans Office of Inspector General
525 St. Charles Avenue
New Orleans, Louisiana 70130-3409

Dear Mr. Quatrevaux:

The Office of Inspector General (OIG) completed a report dated August 27, 2009, titled "Assessment of the Transition of the New Orleans Office of Inspector General from Inspector General Robert Cerasoli to Interim Inspector General Leonard Odom on January 30, 2009." The report outlined numerous deficiencies in the operations of the OIG, including violations of local ordinances. Using this report as our basis, we performed a limited review of the City of New Orleans (City) OIG.

Our review was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards; therefore, we are not offering an opinion on the OIG's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

We reviewed the operations of the OIG for the period September 2007 through January 2009. Our review consisted of (1) examining selected records of the City; (2) interviewing certain officials and employees of the OIG and the City; (3) interviewing third party vendors of the OIG; and (4) reviewing state laws, local ordinances, and regulations. In addition, we reviewed a written response to the OIG report provided by former Inspector General Robert Cerasoli. Based on our limited review of this matter, we found no misappropriation of public funds or material violations of City ordinances or regulations.

This correspondence represents the results of our review, as well as management's response. This correspondence is intended primarily for the information and use of management of the OIG. I trust this information will assist you in the efficient and effective operations of the OIG. Should you have any questions, please contact me at (225) 339-3839 or Mr. Dan Daigle, Director of Compliance Audit, at (225) 339-3808.

Sincerely,

Daryl G. Purpera, CPA, CFE
Temporary Legislative Auditor

GDD:DD:dl
IGN009

Management's Response



Office of Inspector General
City of New Orleans
525 Saint Charles Avenue
New Orleans, LA 70130-3409
Office: (504) 681-3200 Fax: (504) 681-3230
www.nolaoig.org

December 2, 2009

Daryl G. Purpera, CPA, CFE
Temporary Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera,

Thank you for your draft audit report on the New Orleans Office of Inspector General (NOLA OIG), which was based on the August 27, 2009, document, entitled "Assessment of the Transition of New Orleans Office of Inspector General from Inspector General Robert Cerasoli to Interim Inspector General Leonard Odom on January 30, 2009" ("the assessment").

I am gratified that your audit found that there were no misappropriations of public funds, and no violations of City ordinances or regulations.

On taking office on October 19, 2009, I commenced my own review of the matters in the "assessment," and here provide my conclusions as relates to your findings.

I found that the original information technology plan for the NOLA OIG was well-documented and sound, but apparently abandoned when Inspector General Cerasoli departed. The original plan is almost completely implemented now. I reduced the quantities to reflect a lower staff level than originally was planned, and am in the process of returning five (5) computers to the City.

I directed that an inventory of computers be conducted, which was completed on November 18, 2009. It was compared to the inventory listing made as computers were received in 2008. The comparison indicated that two (2) laptop computers were missing. The apparent theft was reported to the Louisiana State Police for action as they deem appropriate.

I am also returning twelve (12) pistols that I determined are excess to the needs of the NOLA OIG, again because of lower than anticipated staff levels.

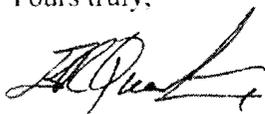
I found that the "assessment" incorrectly stated that there was no financial recordkeeping system. The system existed, but the auditors failed to speak with the people who had this information.

I found that the "assessment" was not prepared in accordance with Generally Accepted Government Auditing Standards, despite the explicit statement to that effect in the "assessment." The "assessment" violated Generally Accepted Government Auditing Standards ("GAGAS" or the "Yellow Book") for the following reasons:

- (1) The auditors lacked integrity and objectivity because of personal and organizational impairments to independence. GAGAS Section 3.07 states that "personal impairments" to independence result from "relationships or beliefs that cause the auditors to limit the extent of inquiry, limit disclosure, or weaken or slant the audit findings in any way." Being an employee of the audited entity is specifically identified in the Yellow Book as an impairment to independence.
- (2) The auditors failed to provide their draft findings to responsible officials for comment as required by GAGAS 8.08. Section 8.08 requires that the report should include among other things the summary view of responsible officials.
- (3) Deficiencies in Internal Control should include the finding, criteria, cause, effect and a recommendation. Many of the observations in the "assessment" were not developed fully and the severity of the observation was not indicated. (GAGAS Sections 4.14 through 4.18.)

Thank you for the opportunity to comment. Please contact me if you would like additional information or assistance. I look forward to the issuance of your final audit report.

Yours truly,



E.R. Quatrevaux
Inspector General

CHIEF ADMINISTRATIVE OFFICE

CITY OF NEW ORLEANS

C. RAY NAGIN
MAYOR

BRENDA G. HATFIELD, PHD
CHIEF ADMINISTRATIVE OFFICER

November 23, 2009

Mr. Steve J. Theriot, CPA
Louisiana Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot:

This serves to confirm my review of the draft compliance audit report of the Office of Inspector General of New Orleans. I understand that your auditors worked extensively with staff of the City of New Orleans in preparation of the report; therefore, I have no additional information that might impact the report.

Should you need further assistance, please contact my office at (504) 658-8910 or bghatfield@cityofno.com

Respectfully,



Brenda G. Hatfield, Ph.D.
Chief Administrative Officer

