

City of New Orleans City-Wide Risk Assessment

February 10, 2021

Purpose of This Report

The mission of the Office of Inspector General (OIG) is to prevent and detect fraud, waste, and abuse and promote efficiency and effectiveness in the programs and operations of the City of New Orleans (City). The OIG periodically conducts a city-wide risk assessment to systematically assess risk within the City, including but not limited to, its departments, agencies, districts, and component units (collectively referred to as "entity"). The risk assessment provides the OIG with pertinent information to allocate its resources efficiently and effectively, identify potential projects, and create a framework to determine audit and evaluation priorities in future years.

In 2019 and 2020, the City's risks evolved and the operating environment changed significantly because of the cyberattack and the ongoing COVID-19 pandemic. To determine its 2021 priorities, the OIG revised its risk assessment in 2020 to account for these evolving risks. The purpose of this report is to disseminate the results to the public, the Mayor, City Council, Ethics Review Board, and interested parties.

What the OIG Found

The OIG identified four risk categories: (1) Compliance Risk; (2) Financial Risk; (3) Operational Risk; and (4) Reputational Risk. The OIG also identified 156 entities and established criteria¹ to determine which entities and/or revenue streams would be subjected to the risk assessment. Based on this criterion, the OIG selected 34 entities and 24 revenue streams to test which accounted for approximately 92 percent of total known expenditures and 93 percent of total known revenues.

To obtain an understanding of the control environment, control activities, information and communication, and monitoring within each entity, the OIG obtained and reviewed over 1,000 documents which included questionnaires, internal policies, and documentation related to governance. The OIG also conducted interviews with City employees and reviewed news coverage, external audits, and any other publicly available information. Based on this information, the OIG scored risk by assessing its impact and likelihood.

Based on the procedures performed, the OIG identified the following top 10 highest risk entities for 2021.

Top 10 Highest Risk Entities	
1	Orleans Parish Sheriff's Office
2	Sewerage and Water Board
3	Orleans Parish Communication District
4	New Orleans East Hospital
5	Information Technology & Innovation
6	Department of Public Works
7	Finance Department
8	Office of Homeland Security
9	Health Department
10	Procurement Department

¹ The OIG established the following criteria: (1) Entities who received \$10,000,000 or more of General and/or Non-General fund revenue from the City; (2) Entities who expended \$10,000,000 or more (except for Intergovernmental Affairs and entities outside of the OIG's jurisdiction); and (3) Entities whose total amount of expenditures could not be determined.