

OFFICE OF INSPECTOR GENERAL
CITY OF NEW ORLEANS



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INSPECTOR GENERAL

To: Ethics Review Board, City of New Orleans

From: E.R. Quatrevaux, Inspector General *EQ 8/24/2010*

Subject: Report Release

Date: August 24, 2010

Dear Chairman and Board Members:

As per Section 9 of Article XIII of Chapter 2 of the City Code, "Reporting the Results of the Inspector General Findings", please find the attached Management Implication Report (AR10MIR001).

This report was provided to the City on June 17, 2010 in order to allow for a written explanation or rebuttal of the findings. A period of 30 working days is provided for this response. We received the City's final response on August 11, 2010.

Should you have any questions please contact Erica Malinowski, Forensic Auditor, at 504-681-3200.



Office of Inspector General

City of New Orleans

Travel and Business Expense Reimbursement and Credit Card Issuance and Use (Policies 9(R) & 116(R))

A Management Implication Report (MIR)
OIG-A&R-10MIR001

E.R. Quatrevaux
Inspector General

Issued August 24, 2010

**Travel and Business Expense Reimbursement and Credit Card Issuance and Use
(Policies 9(R) and 116(R))
OIG-A&R-10MIR001**

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EXECUTIVE SUMMARY

This Management Implication Report (A&R-10MIR001) is issued to offer timely recommendations and observations that affect multiple departments within the legislative and administrative branches of the City of New Orleans (the City).

As a result of the findings from the Letter of Comment on the Director of Sanitation's expense reimbursement, travel and credit card expenses, the Office of Inspector General evaluated and reviewed Policy Memoranda No. 9(R) and 116(R). Where applicable to Policy Memoranda 9(R) and 116(R), the OIG reviewed Policy Memorandum 5(R) – City Vehicles, Policy Memorandum No. 21(R) – Auto Allowance, and Policy Memorandum No. 24(R) – Services and Moveable Property Procurements and Purchases.

The current policies are vague and give the employee(s) limited guidance on what is reasonable, “best available,” and “necessary official expenses.” Although it briefly discusses rates for airfare, hotels, per diem and automobiles; it does not discuss when it is appropriate to charge for these expenses. Guidance on what is specifically disallowed is missing from the policy. This lack of clarity could result in waste and abuse of City funds.

This review of Policy Memoranda No. 9(R) and No. 116(R) resulted in ninety-three (93) recommendations (as summarized below) to improve and clarify the City's travel expense policies. These recommendations are intended to minimize potential fraud and abuse as it relates to expenses incurred by the employees of the City of New Orleans.

- **Recommendations # 1 - 4:** The City should expand its existing Policy 9(R) relating to lodging to include guidance on how to determine the “best rate” and to determine what expenses are allowable and what are prohibited.
- **Recommendations # 5 - 7:** The City should expand its existing policy regarding conference lodging and conference registration fees.
- **Recommendations # 8 - 16:** The City should supplement its existing Policy 9(R) relating to air fare to include what expenses are allowable, prohibited, and how to determine the best rate.
- **Recommendations # 17 – 27:** The City should expand its policy relating to per diem meals to include how to calculate the per diem rate, what expenses are allowable and what expenses are prohibited.
- **Recommendations # 28 – 36:** The City should reconsider its policies related to rental vehicles and insurance for rental vehicles.

- **Recommendations # 37 – 41:** The City should expand its policy relating to travel in City-owned vehicles to include policies on who may operate a vehicle and what are allowable/prohibited expenses relating to City vehicles.
- **Recommendations # 42 – 52:** The City should include reimbursement policies relating to public ground transportation, luggage allowances, laundry services, communication expenses, internet access charges, and parking/tolls.
- **Recommendations # 53 – 63:** The City should explicitly state responsibilities of the City and employees as it relates to expense reimbursement.
- **Recommendation # 64:** The City should explicitly outline disallowed expenses.
- **Recommendation # 65:** The City should revise its policy to make clear that the employee is required to sign the Travel Authorization Form (TAF) prior to submission.
- **Recommendations # 66 – 72:** The City should expand its policy relating to Travel Advances.
- **Recommendation # 73:** The City should clarify that “No reimbursement should be made by the City to any employee who purchases *a separate flight insurance policy.*”
- **Recommendations # 74 – 78:** The City should establish and shorten deadlines for the employee to submit their Travel Expense Account Form and the City should expedite reimbursements to employees.
- **Recommendation # 79:** The City should revise its policy to disallow entertainment expenses.
- **Recommendations # 80 – 88:** The City should expand its policies related to mileage for travel in privately-owned vehicles to include what expenses are allowed or prohibited and how to calculate mileage. Additionally, the reimbursable mileage rates should be based on the Internal Revenue Service (IRS) allowable rates.
- **Recommendation # 89:** The City should include a policy that clearly states that all expenses should be properly supported by documentation and all supporting documentation should be attached to the Travel Expense Account Form.

- **Recommendations # 90 – 93:** The City should expand its credit card policy to include procedures related to proper return, allowed expenses, and include a provision for a department-wide card with a negotiated interest rate.

As of the issue date of this MIR, the City has revised its Policies 9(R) and 116(R). Of the 93 recommendations presented in this MIR, the City is planning to fully or partially adopt 88 of these recommendations. The City intends to implement these revised policies in September 2010. All responses by the City in the body of this report are direct statements and have not been modified.

I. INTRODUCTION

Policy Memoranda No. 9(R) Travel and Business Expenses and 116(R) Credit Card Issuance and Use outline the City and employee responsibilities regarding travel expenses and credit card use.

Policy Memorandum No. 9(R) contains the following sections:

- I. Purpose
- II. Travel Guidelines
- III. Travel Authorization Form
- IV. Travel Advance
- V. Air Travel Insurance Policy
- VI. Travel Expense Account Form
- VII. Documentation of Expenses
- VIII. Mileage Allowance for Travel in Privately Owned Vehicles
- IX. Official Business Expense
- X. Enforcement

Policy Memorandum No. 116(R) contains the following sections:

- I. Purpose
- II. Statement of Policy
- III. Description of Credit Card and Authorized Credit Limits
- IV. Request for Issuance
- V. Appointing Authority Guidelines for Issuance, Use, and Reconciliation
- VI. Cardholder Responsibilities

II. OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this MIR was to provide recommendations to supplement and clarify the current travel and business expense Policy Memorandum 9(R) and Credit Card Issuance and Use Policy Memorandum 116(R) to ensure that all City employees have a clear understanding of their roles and responsibilities regarding obtaining, maintaining, and submitting their travel reimbursement requests and credit card statements. This MIR recommends specific guidance on what should be an allowable or prohibited expense.

This report was prepared in accordance with the Principles and Standards for Offices of Inspector General (the Green Book) and *Generally Accepted Governmental Auditing Standards* (GAGAS or the “Yellow Book”) as of August 24, 2010.

To accomplish the review’s objectives, we:

1. Reviewed the State of Louisiana’s Travel Policies dated July 1, 2009 to obtain an understanding of the policies and procedures that the State of Louisiana has adopted;
2. Reviewed other 3rd party travel policies to obtain an understanding of “best practices;”

The MIR includes conclusions and recommendations relating to the City’s current travel and credit card policies. These recommendations are based on the State’s policies and best practices.

III. POLICY MEMORANDUM NO. 9(R) TRAVEL AND BUSINESS EXPENSES

Section I – Purpose

Policy 9(R) was released on November 1, 2008 to revise and increase the daily amount allowed for meals (per diem rate). The policy also revised and increased the mileage allowance for travel in privately owned vehicles.¹ The recommendations outlined below provide guidance on how and when the employee should calculate the per diem rate.

Section II – Travel Guidelines

The current policy states the following: “Employees are expected to use good judgment regarding expenses and exercise care in the expenditure of City funds. Bills, receipts, and other documents must be checked for accuracy before payment or acceptance. Reimbursement should be requested only for reasonable or best available rate and necessary official expenses. Lowest possible rates must be requested on all hotel reservations and accommodations for official City travel (e.g. Government rates, conference rates, web rates, etc.). Airfare is authorized at the lowest possible rate (e.g. economy or coach rate). Any exception must be approved by the CAO. The use of rental automobiles requires prior written approval from the Chief Administrative Officer.”

A. Deficiencies Noted in the Current Policy Section II - Travel Guidelines:

The current policy is vague and gives the employee(s) limited guidance on what is reasonable, “best available,” and “necessary official expenses.” Although it briefly discusses rates for airfare, hotels, per diem and automobiles, it does not discuss when it is appropriate to charge for these expenses. Guidance on what is specifically disallowed is missing from the policy. This lack of clarity could result in waste and abuse of City funds.

To clarify the current policy, the OIG has prepared the following recommendations on lodging, conference lodging, conference registration fees, airfare, and per diem meals.

Lodging

- **Recommendation # 1:** Employees should be eligible to receive reimbursement for travel only when away from their residence on official City business. Employees should be reimbursed for the lodging rate and any mandatory surcharge.²

City’s revised policy³: “[Expenses are eligible for reimbursement for] the period of time between the time of departure from the City of New Orleans and the time of return to the City of New Orleans.

¹ The revised rate allowed for \$58.00 per day for meals and 58.50 cents per mile for mileage.

² An extra fee added onto another fee or charge.. Also refer to the State of Louisiana’s Travel Guide 2009-10 located at www.doa.Louisiana.gov/osp/travel.

³ See Appendix A for the City’s revised policies.

The travel period ends on the last day of a non-routine meeting, seminar, conference or training. Employees must return to the domicile (City of New Orleans) or the base office on the ending date of the travel purpose unless an extension of the travel period has been preapproved by the respective Deputy Mayor or unless return transportation is canceled or delayed....Hotel accommodations are eligible provided the employee has complied with the guidelines for securing said accommodations.”

OIG’s response: *The City has adopted this recommendation.*

- **Recommendation # 2:** An *itemized* hotel bill receipt should be required prior to the employee receiving reimbursement. Items not reimbursable include (but are not limited to) movies, mini bar purchases, gym charges, etc. These charges should be deducted from the hotel bill receipt prior to seeking reimbursement.

City’s revised policy: *“...The payment document and signed TAF must include itemized documentation (i.e. secured airline tickets, hotel accommodations, registration fees, etc.) of all funds requested...Any expenses charged to the hotel room for the entertainment or convenience of the employee is strictly prohibited (i.e. movies, mini-bar items, fitness center use, etc.)”*

OIG’s response: *The City has adopted this recommendation.*

- **Recommendation # 3:** The lowest governmental rate hotel for a standard single occupancy room should be used. If the hotel does not participate in governmental discounting, then the lowest rate for a standard single occupancy room should be used.

City’s revised policy: *“Employees must obtain “best rates” for hotel/motel accommodations. Employees are required to seek the government rate, conference rate, or the lowest possible nightly rate for a standard single occupancy room.”*

OIG’s response: *The City has adopted this recommendation.*

- **Recommendation # 4:** When on official business, governmental employees should not be subject to sales taxes. The employee should notify the hotel of this fact prior to arrival to ensure that they are not charged sales taxes on the hotel room.

If the hotel requires documentation to confirm that the stay is tax-exempt, the employee must provide the hotel with a copy of the Louisiana Revised Statute 47§301(1) and 47§301(8) (c) and the Code of the City of New Orleans §150-801.

City's revised policy: *"Government employees must present sales tax exemption documentation when securing hotel accommodations for official city business travel. Documentation includes, L.R.S. 47§301(1) AND 47§301(8) and Code of the City of New Orleans §150-801."*

OIG's response: *The City has adopted this recommendation.*

Conference Lodging⁴

- **Recommendation # 5:** The respective Deputy Mayor⁵ or Department Head should have the authority to approve the actual cost of conference lodging, for a single occupancy standard room, when the employee is staying at the designated conference hotel. If there are multiple designated conference hotels, the lowest designated conference hotel should be used, if available. In the event the designated conference hotel(s) has no rooms available, the respective Deputy Mayor or Department Head may approve paying actual hotel cost not to exceed the conference lodging rates for other hotels located near the conference hotel.

City's revised policy: *"Employees must obtain "best rates" for hotel/motel accommodations. Employees are required to seek the government rate, conference rate, or the lowest possible nightly rate for a standard single occupancy room."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 6:** No reimbursements should be allowed for social functions not relating to a conference, i.e. tours, dances, golf tournaments, etc.

City's revised policy: *"Only the expenses expressly listed in this [travel policy] are eligible for reimbursement."*

⁴ Ibid.

⁵ There are six Deputy Mayors serving under the Landrieu administration. Each Deputy Mayor is responsible for certain departments which were previously under the supervision of the CAO.

OIG's response: *The City has not identified social functions, tours, dances, etc. as reimbursable expenses. As such, given the revised policy above, these items are not eligible for reimbursement. The City has adopted this recommendation.*

Conference Registration Fees

- **Recommendation # 7:** Conference registration fees should be reimbursable with the approval of the respective Deputy Mayor or Department Head. Deluxe or other types of registrations should be paid by the employee and are not reimbursable by the City.

City's revised policy: *“Registration Fees associated for official city business travel must be included with the Travel Authorization form and approved by the Deputy Mayor to whom the requesting department reports. Deluxe or luxury registration packages are strictly prohibited.”*

OIG's response: *The City has adopted this recommendation.*

Airfare

- **Recommendation # 8:** Employees should be required to purchase the lowest logical airfare rates available. This should be determined by comparing costs and options to determine which fare would be the “lowest logical airfare.” Factors to be considered in determining the “lowest logical fare” should include flight times, the likelihood that travel plans will be changed, etc. Additionally, the City has contracted with a travel agency “Going Places.” The employee should compare the contracted rates from “Going Places” to the rates of other sources. Based on these factors, a non-refundable or contracted ticket may/may not be the “lowest logical fare.” Companion or spouse fares are not reimbursable.⁶

City's revised policy: *“Employees are required to purchase the lowest airfare available. The city's contracted travel agency, Going Places, may be used to obtain flight schedules and pricing; however, two (2) other direct price quotes from commercial airlines must also be obtained for coach, economy, or business class flight and included with the Travel Authorization form. Employees who chose an upgrade from coach, economy, or business class flights are solely responsible for the difference in cost...Companion and/or spouse fares are not reimbursable...”*

OIG's response: *The City has adopted this recommendation.*

⁶ Refer to the State of Louisiana's Travel Guide 2009-10. It can also be located at www.doa.Louisiana.gov/osp/travel.

- **Recommendation # 9:** Employees should also be required to use at least two (2) search engines to ensure that the ticket they are purchasing is the “lowest logical fare.” Additionally, the search criteria should be similar for each quote.⁷

City’s revised policy: “...Going Places, may be used to obtain flight schedules and pricing; however, two (2) other direct price quotes from commercial airlines must also be obtained for coach, economy, or business class flight and included with the Travel Authorization form...Expedia, Travelocity, Hotels.com, etc., using the similar search criteria (such as flight times, date of departure, return flight date and time, etc.) are acceptable methods of providing price quotes for pre-travel period approval.”

OIG’s response: The City has adopted this recommendation.

- **Recommendation # 10:** Employees should search for airfares at least fourteen (14) days prior to the departure date to ensure lowest fares are available. If an employee is given less than 14 days notice to travel, the employee should purchase the airfare as soon as practicable. Explanations for travel needed with less than 14 days notice should be documented on the request.⁸

City’s revised policy: “Airfare quotes and arrangements must be obtained at least fourteen (14) days prior to departure, except when documented support indicates the inability to comply with the 14-day advance ticket purchase guideline.”

OIG’s response: The City has adopted this recommendation.

- **Recommendation # 11:** Commercial air travel should not be reimbursed in excess of the “lowest logical airfare.” The difference between contract or coach/economy class rates and first class rates or business class rates should be paid by the employee and not reimbursed by the City (with the exception of some international travel described in Recommendation # 16).⁹

City’s revised policy: “...Employees who chose an upgrade from coach, economy, or business class flights are solely responsible for the difference in cost...International flight arrangements must be supported by the stated documentation as Out-Of-State travel.”

⁷ For example, the same date, times, departure city, and destination city must be used for each quote.

⁸ Refer to the State of Louisiana’s Travel Guide 2009-10. It can also be located at www.doa.Louisiana.gov/osp/travel.

⁹ Ibid.

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 12:** Upgrades at the expense of the City should *NOT* be permitted without prior approval of the respective Deputy Mayor. If space is not available in cabin class accommodations in time to carry out the purpose of the travel, the employee should secure a certification from the airline indicating that fact. The certification should be required for travel reimbursement.¹⁰

City's revised policy: *"Upgrades for airfare or hotel accommodations at the expense of the City are not permitted, unless the airline or hotel is unable to provide the allowable accommodations at the time necessary to carry out the purpose of travel...Written proof from the airline or hotel must be submitted with the Travel Authorization Form and must be approved by the respective Deputy Mayor."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 13:** Reimbursement for change of plans or cancellation fees should only be allowed with proper written supporting documentation and for the following types of leave:¹¹
 - a. Injured on duty
 - b. Funeral leave
 - c. Training time
 - d. Education leave
 - e. Military leave (with or without pay)
 - f. Maternity leave
 - g. Family medical leave
 - h. Official emergency leave
 - i. Changes requested by the City

Reimbursement should not be allowed for any other type of leave.

City's revised policy: *"Change of plans will not be permitted unless written support of the following circumstances: 1) injured on duty; 2) funeral leave; 3) scheduled training; 4) military leave; 5) maternity leave; 6) family medical leave; 7) official emergency leave; and, 8) changes requested by the Appointing Authority or Deputy Mayor."*

¹⁰ Ibid.

¹¹ As outlined in the *City of New Orleans Civil Service Department – Highlights of Leave Benefits for City Employees*.

OIG's response: *The City partially adopted this recommendation. The City did not include "education leave" in the revised policy.*

- **Recommendation # 14:** Employees may be allowed to retain promotional items, including frequent flyer miles, earned on official City business. However, the employee should not be permitted to make travel arrangements that favor a preferred airline carrier/supplier to receive promotional items/points if this does not result in purchasing the "lowest logical airfare."¹²

City's revised policy: *"Employees may be allowed to retain promotion items, including frequent flyer miles earned while on official city business."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 15:** Employees should submit an *itemized* airfare receipt prior to receiving reimbursement.

City's revised policy: *"...The payment document and signed TAF must include itemized documentation (i.e. secured airline tickets, hotel accommodations, registration fees, etc.) of all funds requested..."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 16:** When an international flight segment is greater than ten (10) hours in duration, the City should allow the business class rate *not to exceed 110% of the coach rate*. The employee's itinerary should document the flight segment as more than 10 hours and should be included on the Travel Expense Account Form.¹³

City's revised policy: *"International flights with a flight duration greater than ten (10) hours provides for employees to purchase a business class flight at a rate not to exceed 110% of the coach rate. Documentation of the length of the flight must be provided with the Travel Expense Account form."*

OIG's response: *The City has adopted this recommendation.*

¹² Refer to the State of Louisiana's Travel Guide 2009-10. It can also be located at www.doa.Louisiana.gov/osp/travel.

¹³ Ibid.

Per-Diem Meals

The Internal Revenue Service (IRS) publishes per-diem rates (Meal and Incidental Expenses)¹⁴ based on the type of meal consumed (breakfast, lunch, and dinner) and the city where the meal was consumed.

- **Recommendation # 17:** The maximum per-diem “Meal and Incidental Expenses” (M&IE) should be allowed.¹⁵ In order to determine how much could be claimed for per diem, the employee should locate the city in which conducting business or the closest city that is included on the M&IE listing as provided by the IRS.¹⁶

City’s revised policy: “Employees approved for official city business travel will be provided with a maximum Per Diem of \$58.00 per day during the travel period...Employees must determine the appropriate Per Diem based on the destination city through the “Meal and Incidental Expense” listing provided by the Internal Revenue Service.”

OIG’s response: The City has adopted this recommendation

- **Recommendation # 18:** The employee should *not* be required to submit receipts for per diem meals.

City’s revised policy: “Receipts and documentation [include] records of expenditures (except per diem) to support costs associated with official city business travel.”

OIG’s response: The City has adopted this recommendation.

- **Recommendation # 19:** The employee should *not* be reimbursed for payments made for meals in excess of his/her maximum daily M&IE per diem rate.¹⁷

City’s revised policy: “...Meals may not exceed the Per Diem authorized amount of \$58.00 per day.”

OIG’s response: The City has adopted this recommendation.

¹⁴ M&IE rates can be located at <http://www.irs.gov/pub/irs-pdf/p1542.pdf>. The breakdown of the maximum per diem M&IE rates (breakfast, lunch, and dinner) can be located at www.gsa.gov/mie.

¹⁵ Ibid.

¹⁶ For example Birmingham, AL has a maximum rate of M&IE rate of \$56 from 10/1/09 – 9/30/10. The breakdown of the \$56 is as follows: \$9 Breakfast, \$13 Lunch, \$29 dinner, and \$5 incidentals. The employee can claim \$56 for each day in Birmingham.

¹⁷ i.e. only the per diem amount is reimbursed on the Travel Expense Account Form. Detailed receipts are not required, and any amounts spent over the allowed per diem are not reimbursable.

- **Recommendation # 20:** Employees may *not* claim both actual meal costs and per diem meals.

City's revised policy: "Meals paid for with the city issued credit card renders the employee ineligible to receive a Per Diem...."

OIG's response: The City has adopted this recommendation.

- **Recommendation # 21:** The employee should be entitled to the maximum per diem rate for the destination city as provided by the IRS, regardless of whether the entire per diem rate was used.

City's revised policy: "Employees are entitled to the maximum per diem rate determined regardless of whether the entire per diem rate was used."

OIG's response: The City has adopted this recommendation.

- **Recommendation # 22:** The employee should receive partial per diem on their departure days from their "home" airport and arrival days at their "home" airport based on when the employee departs from and arrives at their "home" airport. These guidelines should also apply to employees who are traveling for a single day.

See below for the recommended allowed *per diem*:

Departure time from "Home" Airport	Allowed per diem
Prior to 9:00am	Breakfast, lunch, and dinner
After 9:00 am and before 3:00pm	Lunch and dinner
3:00 pm and later	Dinner

Arrival time to "Home" Airport	Allowed per diem
Prior to 3:00pm	Breakfast
After 3:00 pm and before 8:00pm	Breakfast and lunch
8:00 pm and later	Breakfast, lunch, and dinner

City's revised policy: *"Employees approved for official city business travel will be provided with a maximum Per Diem of \$58.00 per day during the travel period...Employees must determine the appropriate Per Diem based on the destination city through the "Meal and Incidental Expense" listing provided by the Internal Revenue Service...An authorized employee may receive in advance, fifty-eight dollars (\$58.00) per diem per day of the travel period for meals, except when travel begins at 6:00 p.m. or later or ends at noon or earlier on the last day of travel."*

OIG's response: *The City has partially adopted this recommendation.*

- **Recommendation # 23:** Group meals should not be reimbursable. Each employee should use his/her personal per diem for his/her meals. Meals for non-employees should not be reimbursable.

City's Revised Policy: *"Employees approved for official city business travel will be provided with a maximum Per Diem of \$58.00 per day during the travel period...The Mayor and his/her (legal) spouse and the authorized employees of the Mayor's Office of Economic Development are eligible for reimbursement of funds used for Official Entertainment, if not charged to a city issued credit card. All other employees will not be reimbursed for Official Entertainment expenses."*

OIG's response: *The City has adopted this recommendation; however, acceptable "Official Entertainment" is not defined in the revised policy.*

- **Recommendation # 24:** Any meals provided to an employee as part of a conference and/or included in the conference registration fee should not be reimbursable and the proper amount should be deducted from that day's per diem.

City's revised policy: *"Meals provided as part of a conference and/or included in the conference registration fee should not be reimbursable and the proper amount should be deducted from the per diem."*

OIG's response: *The City has adopted this recommendation; however, the per diem rate does not indicate how much should be allocated to each meal. The new policy does not give guidance on how much to deduct from the per diem for conference meals.*

- **Recommendation # 25:** In the case of international travel, the employee should be reimbursed using rates determined by the U.S. Department of State.¹⁸

City's revised policy: *"The per diem for international travel is provided at a maximum rate \$85 per day."*

OIG's response: *Although the City established a maximum per diem rate of \$85.00 for international travel, it did not clarify how to determine the maximum per diem rate as provided by the U.S. Department of State.*

- **Recommendation # 26:** If the employee uses a City credit card to pay for meals, the employee should not be reimbursed for meals purchased on a City credit card. The employee should not receive a per diem if he/she has a City credit card that could be used to pay for meals (not to exceed the per diem rate).

City's revised policy: *"Meals paid for with the city issued credit card renders the employee ineligible to receive a Per Diem...."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 27:** If the employee uses personal funds for meals, (s)he should be subject to the terms and conditions outlined in this section.

City's revised policy: *"Meals paid for with the city issued credit card renders the employee ineligible to receive a Per Diem. Meals may not exceed the Per Diem authorized amount of \$58.00 per day."*

OIG's response: *The City has adopted this recommendation.*

Rental Vehicles

- **Recommendation # 28:** Written approval by the respective Deputy Mayor or Department Head should be required prior to departure to rent a vehicle on official City business. Approval may be given when it is shown that a vehicle rental is the only or most economical means by which the purposes of the trip could be accomplished. In each instance, documentation showing cost effectiveness of available options should be submitted.¹⁹

¹⁸ These rates can be located at http://aoprals.state.gov/web920/per_diem.asp.

¹⁹ Refer to the State of Louisiana's Travel Guide 2009-10. It can also be located at www.doa.Louisiana.gov/osp/travel.

City's revised policy: *"Justification and cost effectiveness of the vehicle rental during the travel period, along with competitive rental and insurance rates must be submitted with a request for prior approval to the respective deputy mayor to whom the department reports. If approved, employee(s) then are authorized to rent at the cost of a compact car, unless a larger vehicle is being used to transport more than three authorized city travelers. Or, if the larger vehicle's cost is provided at the same rate as a compact vehicle. Supporting documentation of the same is required. Unauthorized persons are prohibited from traveling in rented vehicles."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 29:** Only the cost of a compact model should be reimbursable, unless 1) non-availability is documented, 2) the vehicle will be used to transport more than two persons, or 3) the cost of a larger vehicle is no more than the rental rate for a compact.²⁰

City's revised policy: *"...If approved [to rent a vehicle], employee(s) then are authorized to rent at the cost of a compact car, unless a larger vehicle is being used to transport more than three authorized city travelers. Or, if the larger vehicle's cost is provided at the same rate as a compact vehicle..."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 30:** When a larger vehicle has been selected as stated in Recommendation # 29, the upgraded vehicle should be the next smallest size necessary to accommodate the number of persons traveling. Supporting documentation should be provided documenting that the larger vehicle was necessary due to availability and/or the same price as a compact vehicle prior to departure.²¹

City's revised policy: *"...If approved [to rent a vehicle], employee(s) then are authorized to rent at the cost of a compact car, unless a larger vehicle is being used to transport more than three authorized city travelers. Or, if the larger vehicle's cost is provided at the same rate as a compact vehicle. Supporting documentation of the same is required...."*

OIG's response: *The City has adopted this recommendation.*

²⁰ Ibid.

²¹ Ibid.

- **Recommendation # 31:** Any days in which the rental vehicle is extended for personal use should not be reimbursed and should be deducted from the total rental vehicle receipt. Unauthorized persons should not be transported in vehicles rented for “official business.” Approval of exceptions to this policy may be made by the employee’s respective Deputy Mayor or Department Head if (s)he determines that it is in the best interest of the City.²²

City’s revised policy: “Grounds transportation not related to the specified travel purpose will not be reimbursed...Unauthorized persons are prohibited from traveling in rented vehicles.”

OIG’s response: The City has adopted this recommendation.

- **Recommendation # 32:** Gasoline for the rental vehicle should be reimbursable, but only for days in which the vehicle was used for official City business. Receipts should be required for reimbursement of gasoline. The best refueling rate should be used.²³

City’s revised policy: “Operating expenses such as gasoline for the pre-approved use of a city owned or privately owned vehicle for travel are eligible. However, mechanical failure of privately owned vehicles due to improper or infrequent maintenance is not subject to reimbursement...Gasoline purchases beyond the expiration of the travel period will be not reimbursed.”

OIG’s response: The City has adopted this recommendation.

- **Recommendation # 33:** Mileage rates, as determined by the IRS, should not be reimbursable to the employee when using a rental vehicle for official City business.²⁴

City’s revised policy: “Only the expenses expressly listed in this [travel policy] are eligible for reimbursement.”

OIG’s response: The City has adopted this recommendation.

²² Ibid.

²³ For example, if the rental car company’s refueling rate is greater than the cost for the employee to refill the tank, the employee should refill the vehicle’s gas tank prior to returning to the rental car company.

²⁴ The IRS determined mileage rates can be located at <http://www.irs.gov/pub/irs-drop/rp-09-54.pdf>.

- **Recommendation # 34:** “Navigation Equipment (GPS system), rented not purchased, should only be reimbursed if an employee justifies the need for such equipment and with prior approval”²⁵ of the respective Deputy Mayor or Department Head prior to departure.

City’s revised policy: “On board navigation systems (GPS) may be requested by employees for use in a rented vehicle while traveling on official city business, provided justification is included with the request for prior approval with the Appointing Authority and respective Deputy Mayor.”

OIG’s response: The City has adopted this recommendation.

- **Recommendation # 35:** The employee should be required to submit a detailed receipt of the rental vehicle charges no later than five (5) working days after the expiration of the travel authorization period to be reimbursed.

City’s revised policy: “The Travel Expense Form must be filed with supporting documentation of expenses no later than ten (10) days after the expiration of the travel period....”

OIG’s response: The City has adopted this recommendation, but increased the deadline to ten days.

B. Other Deficiencies Noted in Section II - Travel Guidelines:

The current policy 9(R) is silent regarding other types of expenses (e.g. public ground transportation, luggage allowances, laundry services, communication expenses, internet charges, parking/tolls, gifts, etc).

Insurance for Rental Vehicles

- **Recommendation # 36:** If the City credit card does not offer insurance for rental vehicles, written approval by the respective Deputy Mayor or Department Head prior to departure is required to purchase rental vehicle insurance. The following coverage should be reimbursable:²⁶

²⁵ Refer to the State of Louisiana’s Travel Guide 2009-10. It can also be located at www.doa.Louisiana.gov/osp/travel.

²⁶ Ibid.

- a. "Collision Damage Waiver (CDW) – should a collision occur while on City business, the cost of the deductible should be paid by the traveler and a reimbursement claimed on a travel expense voucher;
- b. Loss Damage Waiver (LDW);
- c. Supplementary Liability Insurance (SLI) * if required by the rental company;
- d. Theft and/or Super Theft Protection (coverage of contents lost during a theft or fire) * if required by the rental company; and
- e. Vehicle coverage for attempted theft or partial damage due to fire, * if required by the rental company."

The following coverage should *NOT* be reimbursable

- a. "Personal Accident Insurance (PAC)
- b. Emergency Sickness Protection (ESP)."²⁷

City's revised policy: *"Authorization for vehicle rental also provides for the purchase of insurance. Employees may purchase Collision Damage Waiver (CDW), Loss Damage Waiver (LDW), Supplemental Liability Insurance (SLI) or Theft/Super-Theft Protection...Reimbursement will not be made by the City to any employee who purchases Flight Insurance, Personal Accident Insurance (PAC), and Emergency Sickness Protection (ESP)."*

OIG's response: *The City has adopted this recommendation.*

City-Owned Vehicles

Note: For Recommendations #37 - 41, the OIG also reviewed Policy Memorandum 5(R) – City Vehicles and included recommendations below that are not included in Policy 5(R).

The current policies do not allow for anyone other than City employees to be authorized to operate City vehicles.

- **Recommendation # 37:** No person should be authorized to operate a City vehicle unless that person is a classified or unclassified employee of the City of New Orleans; any duly appointed member of the City Council or any other person who has received specific approval from the Department Head or Deputy Mayor. A centralized file should be kept containing all of these approvals.²⁸

²⁷ Ibid.

²⁸ Ibid.

City's revised policy: *"No person should be authorized to operate a City vehicle unless that person is a classified or unclassified employee of the City of New Orleans; any duly appointed member of the City Council or any other person who has received specific written approval from the Department Head or Deputy Mayor. A centralized file should be kept containing all said approvals."*

OIG's response: *The City has adopted this recommendation.*

The current policies do not address purchases related to City-owned vehicles on City credit cards.

- **Recommendation # 38:** All purchases related to City-owned vehicles made on the City credit cards should be signed by the employee who holds the credit card *and* who is authorized to operate the City-owned vehicle. The license plate number, the unit price, and quantity of the commodity purchased should be noted on the receipt by the vendor. Items incidental to the operation of the vehicle may be purchased with a City credit card only when an employee is away from his/her residence on travel status. In all instances where a credit card is used to purchase items or services which are incidental to the operation of a vehicle, a copy of the receipt along with a written explanation of the reason for the purchase must be attached and submitted with the Travel Expense Account Form.²⁹

City's revised policy: *"All purchases related to City-owned vehicles made with a city issued credit card should be signed by the employee who holds the credit card and who is the authorized operator of the city vehicle. The license plate number, the city vehicle inventory number (or A-number) along with a detailed receipt of purchases and justification of purchases must be submitted with the Travel Expense Account form. Items incidental to the operation of the vehicle may be purchased with a city issued credit card only when an employee is away from their residence on travel status."*

OIG's response: *The City has adopted this recommendation.*

See Policy 5(R) for additional information relating to maintenance of City-owned vehicles.

²⁹ Ibid.

The current travel policy 9(R) does not give guidance on out-of-state travel in City vehicles.

- **Recommendation # 39:** City-owned vehicles may be considered to be used for out-of-state travel only if permission of the Deputy Mayor or Department Head has been given prior to departure.³⁰

City's revised policy: "City-owned vehicles may be used for travel with prior approval of the respective deputy mayor...."

OIG's response: The City has adopted this recommendation.

- **Recommendation # 40:** If a City-owned vehicle is used to travel to a destination more than 500 miles from its usual location, documentation that this is the most cost-effective means of travel should be documented and submitted with the Travel Expense Account Form.³¹

City's revised policy: "City-owned vehicles may be used for travel with prior approval of the respective deputy mayor, provided that the travel distance is less than 500 miles from the base office or domicile of the employee and if said use is the most cost effective means of travel...Only the expenses expressly listed in this [travel policy] are eligible for reimbursement."

OIG's response: The City has adopted a policy that allows for travel of less than 500 miles. Since travel over 500 miles is not expressly permitted, it is not eligible for reimbursement. As such, the City has adopted this recommendation.

The current policies do not specify that the employee is not entitled to mileage when using City-owned vehicles.

- **Recommendation # 41:** Mileage rates, as determined by the IRS, should not be reimbursable to the employee when using a City vehicle for official City business.³²

City's revised policy: "Only the expenses expressly listed in this [travel policy] are eligible for reimbursement."

³⁰ Ibid.

³¹ Ibid.

³² See Policy Memorandum No. 40(R) – Fuel Services for information regarding fuel for City-owned vehicles.

OIG's response: *Since reimbursement mileage incurred using City vehicles is not expressly permitted, it is not eligible for reimbursement. As such, the City has adopted this recommendation.*

Public Ground Transportation

- **Recommendation # 42:** “The cost of public ground transportation such as buses, subways, airport shuttle, and taxis should be reimbursable when the expenses are incurred as part of approved City travel.”³³

City's revised policy: *“...the use of mass transit such as buses, subways, elevated trains, taxi cabs, and shuttles are the recommended methods of transportation, except when authorization has been provided for a rental vehicle.”*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 43:** Any expenses incurred for public ground transportation that are not associated with official City business should not be reimbursable.

City's revised policy: *“Grounds transportation which is not related to the specified travel purpose will not be reimbursed.”*

OIG's response: *The City has adopted this recommendation.*

Luggage Allowances³⁴

- **Recommendation # 44:** Employees should be reimbursed the fee for one (1) checked bag for a business trip of five (5) days or less and two (2) bags for a business trip of six (6) days or longer in addition to being reimbursed for any additional baggage which is business related and required by the department.

City's revised policy: *“Luggage fees for one (1) checked bag for travel of five (5) days or less or two (2) bags for travel of six (6) or more days are eligible [for reimbursement].”*

OIG's response: *The City has adopted this recommendation.*

³³ Ibid.

³⁴ Ibid.

- **Recommendation # 45:** Employees should be reimbursed for excess baggage charges (overweight baggage) only in the following circumstances:
 - a. When traveling with heavy or bulky materials or equipment necessary for business;
 - b. The excess baggage consists of organization records or property.

City’s revised policy: *“Overweight luggage fees will not be reimbursed unless they result from the transportation of business materials and/or equipment required for travel.”*

OIG’s response: *The City has adopted this recommendation.*

Laundry services³⁵

- **Recommendation # 46:** Employees on travel for more than seven (7) days up to fourteen (14) days should be eligible for reimbursement for laundry services and an additional reimbursement for each additional 7 days of travel. A detailed receipt and documentation of the length of travel is required for reimbursement.

City’s revised policy: *“Laundry services will not be reimbursed for a travel period of less than seven (7) days.”*

OIG’s response: *The City has adopted this recommendation.*

Communication Expenses³⁶

- **Recommendation # 47:** For official City business – all costs should be reimbursable. Receipts should be required for expenses over \$5. Receipts under \$5 should not require a receipt, but should require an explanation and vendor name:
 - a. “For domestic overnight travel – up to a preapproved amount in personal calls upon arrival at each destination and for personal calls every second night after the first night if the travel extends several days.
 - b. For international travel – up to a preapproved amount in personal calls upon arrival at each destination and for personal calls every second night after the first night if the travel extends several days.”

City’s revised policy: *“Hotel Communication services (phone calls) will be reimbursed, but are limited to five dollars (\$5.00) during the travel period.”*

OIG’s response: *The City has adopted this recommendation.*

³⁵ Ibid.

³⁶ Ibid.

Internet access charges

- **Recommendation # 48:** Internet access charges are reimbursable if necessary to carry out official City business. A detailed receipt is required for reimbursement, and should indicate the business purpose for the internet charges.³⁷

City's revised policy: "Hotel Internet services are eligible [for reimbursement]."

OIG's response: The City has adopted this recommendation.

Parking/tolls

- **Recommendation # 49:** Employees using motor vehicles on official City business should be reimbursed for parking fees incurred (including airport parking). All parking rates used should be the "best rate" available (i.e. long-term parking vs. valet parking).³⁸

City's revised policy: "Parking costs (at the best rate) for city-owned vehicles, including airport parking are eligible for the authorized travel period only. Parking fees for authorized rental vehicles are also eligible for the authorized travel period only..."

OIG's response: The City has adopted this recommendation.

- **Recommendation # 50:** Parking fees should not be reimbursable for days the vehicle is stored for personal or extended trips.

City's revised policy: "Parking costs (at the best rate) for city-owned vehicles, including airport parking are eligible for the authorized travel period only. Parking fees for authorized rental vehicles are also eligible for the authorized travel period only..."

OIG's response: The City has adopted this recommendation.

- **Recommendation: # 51:** A receipt should be required for all parking and toll reimbursements unless under \$5. Receipts under \$5 do not require a receipt, but do require an explanation and vendor name.

City's revised policy: "...Expenses exceeding \$5 require a receipt."

OIG's response: The City has adopted this recommendation.

³⁷ Ibid.

³⁸ Ibid.

- **Recommendation # 52:** Ferry fares and road and bridge tolls should also be reimbursable while on official City business with the submission of a receipt unless under \$5. Expenses under \$5 do not require a receipt, but do require an explanation and vendor name.

City's revised policy: "Tolls and Ferry fares are eligible [for reimbursement]. Receipts are not required for toll or ferry fares under \$5."

OIG's response: The City has adopted this recommendation.

C. Other Deficiencies Noted Relating to Employee Responsibilities:

The current policy does not clearly outline the responsibilities of the employees and the City of New Orleans.

Responsibilities

- **Recommendation # 53:** Employees should be responsible for maintaining original copies of their receipts.

City's revised policy: "Employees are responsible for maintaining original copies of all receipts and reviewing all charges for accuracy for submission with the Travel Expense Account form...."

OIG's response: The City has adopted this recommendation.

- **Recommendation # 54:** Employees should be responsible for reviewing all charges to ensure all charges are accurate and proper prior to submission.

City's revised policy: "Employees are responsible for maintaining original copies of all receipts and reviewing all charges for accuracy for submission with the Travel Expense Account form...."

OIG's response: The City has adopted this recommendation.

- **Recommendation # 55:** Employees should be responsible for documenting the purpose of the expenditure prior to approval. If the receipt is for an expense for multiple persons then a listing of all business participants should be provided where necessary to fully understand the transaction.

City's revised policy: *"The Department of Finance, Bureau of Accounting is responsible for reviewing travel advance requests and travel expense account reconciliations for accuracy and compliance prior to release of reimbursements. Any requests for travel advance or reimbursement must be returned to the originating department if receipts are insufficient or not included with the appropriate forms."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 56:** Employees should be responsible for providing additional documentation requested by the employee's Department Head or Deputy Mayor.

City's revised policy: *"...Any additional documentation requested by the Appointing Authority, Deputy Mayor or the Finance Department is the sole responsibility of the employee."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 57:** All travel should be directly related to the employee's duties and responsibilities.

City's revised policy: *"All travel should be directly related to the employee's duties and responsibilities."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 58:** The Department of Finance, Bureau of Accounting, should be responsible for reviewing travel advances and settlements for accuracy and compliance with the Travel Expense Policy *prior* to reimbursing the employee for expenses incurred. Unsupported settlements should not be reimbursed.

City's revised policy: *"The Department of Finance, Bureau of Accounting is responsible for reviewing travel advance requests and travel expense account reconciliations for accuracy and compliance prior to release of reimbursements. Any requests for travel advance or reimbursement must be returned to the originating department if receipts are insufficient or not included with the appropriate forms."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 59:** A copy of all expense documentation should be kept in the respective department and in the Finance Department.

City's revised policy: *"Copies of the approved TAF must be retained in the department's files and must accompany the payment document for any advance of funds and the travel expense account form."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 60:** Employees should be responsible for submitting the Travel Expense Account Form and all supporting documentation no later than five (5) working days after the expiration of the travel authorization period.

City's revised policy: *"The Travel Expense Form must be filed with supporting documentation of expenses no later than ten (10) days after the expiration of the travel period...."*

OIG's response: *The City has adopted this recommendation, but increased the deadline to (10) ten days.*

- **Recommendation # 61:** The City should be responsible for ensuring that settlements are made no later than one (1) pay period after the employee submits the appropriate documentation and forms.

City's revised policy: *"[The Department of] Finance will ensure settlement of travel expenses are made to employees within ten (10) business days of submission."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 62:** The City should take steps to include all reimbursed amounts in the employee's payroll check.³⁹ These reimbursements should not be subject to payroll taxes.

³⁹ The City's current policy requires the employee to be a vendor for reimbursement purposes. This arrangement "lumps" all reimbursement requests with other City vendors. Delays of up to 3-months have been noted in awaiting an expense reimbursement through the City's current reimbursement system.

City's response: "Currently, the city's payables' disbursement system and human resource systems do not permit us to address this recommendation at this time. As we improve our technology, we commit to finding ways to make this process more efficient."

OIG's response: The OIG agrees with the City's response.

- **Recommendation # 63:** Lack of compliance with the travel expense policy should be referred to the respective Deputy Mayor for disciplinary action.

City's revised policy: "Unless otherwise noted in the Travel Expense portion of this policy, all expenses must have the supporting receipts attached to the Travel Expense Account Form. Lack of compliance to policies will be referred to the First Deputy Mayor and may result in disciplinary action."

OIG's response: The City has adopted this recommendation.

Disallowed Expenses

- **Recommendation # 64:** The listing below specifically outlines disallowed items. This listing is not all-inclusive and all employees should be expected to use good judgment.
 1. Movies
 2. Entertainment
 3. Sundries
 4. Spa treatments
 5. Fees/amounts paid for sporting games/events
 6. Golf green/tee fees
 7. Gym fees
 8. Tours
 9. Dances
 10. Alcohol

City's revised policy: "Only the expenses expressly listed in this [travel policy] are eligible for reimbursement...Any expenses charged to the hotel room for the entertainment or convenience of the employee is strictly prohibited (i.e., movies, mini-bar items, fitness center use, etc.)...."

OIG's response: The City has adopted this recommendation.

Section III – Travel Authorization Form

The current policy states that the Travel Authorization Form “must be signed by the employee’s appointing authority or representative.”

A. Deficiencies Noted in Section III. – Travel Authorization Form

The current policy does not state that a signature from the employee is required.

- **Recommendation # 65:** It is recommended that the policy clearly state that the employee is required to sign the Travel Authorization Form prior to submission asserting that all expenses submitted are accurate and related to the employee’s approved travel.

City’s revised policy: “...The TAF must be signed by the employee and Department Head prior to submission to the respective deputy mayor.”

OIG’s response: The City has adopted this recommendation.

Section IV – Travel Advances

The current policy requires a payment advance request using a payment document and a properly signed Travel Authorization Form. It also outlines the expenses eligible for a travel advance and requires employees to submit their request ten (10) working days prior to the beginning of travel.

A. Deficiencies Noted in Section IV – Travel Advances:⁴⁰

The policy relating to travel advances does not specify that the employee is responsible for providing “sufficient funds for all routine travel expenses that are not covered” by the City credit card or travel advance policy until they are reimbursed.

- **Recommendation # 66:** We recommend that additional language be added to the travel advance policy to indicate that employees are responsible for using their own funds for routine travel expenses not covered by the travel advance or credit card policy prior to being reimbursed by the City.

City’s revised policy: “An authorized employee is responsible for incidental travel expenses that are not covered by the Travel and Business or Credit Card Policy.”

OIG’s response: The City has adopted this recommendation.

⁴⁰ Refer to the State of Louisiana’s Travel Guide 2009-10. It can also be located at www.doa.Louisiana.gov/osp/travel.

The policy relating to travel advances does not specify that the employee is required to provide proper supporting documentation to support the amount of travel advances requested. It also does not specify that the employee is required to sign the Travel Advance Form.

- **Recommendation # 67:** Although the City currently requires that employees provide supporting documentation such as written hotel/airfare quotes and proof that such amounts are secured on the employee's personal credit card, this practice is not stated in the current policy. The OIG recommends that the policy state that the employee should be required to provide supporting documentation such as written hotel/airfare quotes and proof that such amounts are secured on the employee's personal credit card.

City's revised policy: "When not using a city contracted travel agency, employees may secure travel arrangements such as airfare, hotel accommodations and registration fees by using a personal credit card. Written proof from the airline, hotel, and registration fees must accompany the Travel Authorization Form request. The amount received with a travel advance must be included in the Travel Expense Account Form."

OIG's response: The City has adopted this recommendation.

- **Recommendation # 68:** The employee and his immediate supervisor should be required to sign the Travel Advance Form. This ensures that the advance request is valid and identifies the employee(s) that is/are traveling.

City's revised policy: "...The TAF must be signed by the employee and Department Head prior to the submission to the respective deputy mayor."

OIG's response: The City has adopted this recommendation.

The policy relating to travel advances specifies that per diem, airfare rates, hotel costs, and registration fees are eligible for travel advances.

- **Recommendation # 69:** The OIG recommends that vehicle rentals be added to the list of items eligible for a travel advance.

City's revised policy: "An authorized employee may receive the cost of a rental vehicle in advance provided the respective deputy mayor has issued prior approval for said vehicle."

OIG's response: The City has adopted this recommendation.

- **Recommendation # 70:** The policy should further state that only the items specifically identified as allowable items should be used to determine the amount of Travel Advance requested. Items not specifically listed should not be eligible for a travel advance and should be submitted on the Travel Expense Account Form subject to approval before reimbursement. This will ensure that the employee is only receiving advance funds for pre-approved business related expenses.

City's revised policy: "Only the items expressly written within this section of the policy will be considered for an advance of funds."

OIG's response: The City has adopted this recommendation.

The policy currently states that "travel advances must be submitted to the Department of Finance at least ten (10) working days prior to the beginning of travel."

- **Recommendation # 71:** It is recommended that the employee be allowed to submit his/her travel advance request up to thirty (30) days, when possible, to ensure that the employee receives the funds prior to departure.⁴¹

City's revised policy: "The travel advance may be requested up to thirty (30) days prior to the beginning of the travel period to ensure receipt of funds."

OIG's response: The City has adopted this recommendation.

The policy relating to travel advances does not limit the amount of expenses (if any) that could be advanced to an employee who holds a City credit card.

⁴¹ It currently takes the City an average of about 30 to 60 days to pay employees for expenses and or advances.

- **Recommendation # 72:** The OIG recommends that an employee who holds a City credit card should only be eligible for an advance of authorized expenditures for amounts greater than the credit card limit. If an employee is waiting on reimbursement from a prior authorized trip, (s)he should also be eligible for an advance in excess of the available credit on the employee's card.⁴²

City's response: *"The report implies that some city employees may be eligible for expense accounts greater than the credit limit on the credit card. We believe that as a matter of policy, we should make every reasonable effort not to exceed credit limits. To that end, in Section VII of policy memorandum No. 9R, we prohibit expenditures exceeding the credit limit of the credit card, with exceptions allowable only by a Deputy Mayor."*

City's revised policy: *"Employees authorized to have use a city issued credit card may not exceed the established credit limit, unless approved by the respective Deputy Mayor. Any over the credit limit fees generated by the purchases will be sole responsible of the employee and must be remitted to the city."*

OIG's response: *Although the OIG agrees with the City's revised policy, there may be situations in which an employee is waiting for a prior reimbursement from an authorized trip and the remaining available balance on the credit card is not sufficient to cover an upcoming authorized travel. Recommendation # 72 suggests that only in this situation, should an advance be granted which exceeds the authorized traveler's credit card limit.*

Section V – Air Travel Insurance Policy

- **Recommendation # 73:** We recommend that Policy Memorandum No. 9(R) Section V.D. be clarified to note that "No reimbursement should be made by the City to any employee who purchases a separate flight insurance policy."

City's revised policy: *"Separate flight insurance policies will not be reimbursed."*

OIG's response: *The City has adopted this recommendation.*

⁴² The current administration has revoked City credit cards from all employees. The only employees who hold a City credit card are Mitch Landrieu, Mayor, Lt. Col. Jerry Sneed, Deputy Mayor, and Cedric Grant, Deputy Mayor. Andy Kopplin, CAO and Ronal Serpas, Police Chief.

Section VI – Travel Expense Account Form

The policy currently states that “Settlements shall be made no later than forty (40) days after expiration of the travel authorization period.”

A. Deficiencies Noted in Section VI – Travel Expense Account Form

The policy is silent when providing a deadline to the employee for submitting the Travel Expense Account Form and all supporting documentation.

- **Recommendation # 74:** It is recommended that Settlements should be made no later than one (1) pay period after the employee submits the appropriate documentation and forms. This would reduce the time that the employee is required to fund “business-related travel expenses” with their personal funds.

City’s revised policy: “[The Department of] Finance will ensure settlement of travel expenses are made to employees within ten (10) business days of submission.”

OIG’s response: The City has adopted this recommendation.

- **Recommendation # 75:** We recommend that employees be required to submit their receipts no later than five (5) working days after the expiration of the travel authorization period.

City’s revised policy: “The Travel Expense Form must be filed with supporting documentation of expenses no later than ten (10) days after the expiration of the travel period....”

OIG’s response: The City has adopted this recommendation, but increased the deadline to ten (10) days.

- **Recommendation # 76:** We recommend that employees failing to submit all supporting documentation on or before the fifth (5th) working day after expiration of the travel authorization period, without written approval of the respective Deputy Mayor, forfeit the right to be reimbursed, unless approval is given for extreme extenuating circumstances by the respective Deputy Mayor. This policy would ensure that employees submit their expenses in a timely manner.

City's revised policy: *"The Travel Expense Form must be filed with supporting documentation of expenses no later than ten (10) days after the expiration of the travel period. Failure to submit the Travel Authorization Form and supporting documentation will result in forfeiture of any reimbursement that may be due the employee."*

OIG's response: *The City has adopted this recommendation, but increased the deadline to ten (10) days.*

- **Recommendation # 77:** The Travel Expense Account Form includes a section to calculate overpayment. We recommend that the policy state that any funds received in excess of what was actually expended should be returned to the City within ten (10) working days, and should outline how the employee is to return the funds.⁴³

City's revised policy: *"The reconciliation of travel expenses which results in overpayment by the City requires that the employee reimburse the city within ten (10) days of the travel period expiration."*

OIG's response: *The City has partially adopted this recommendation. The City did not clarify how the employee should return the funds to the City.*

- **Recommendation # 78:** It is recommended that the policy include a statement that any funds spent in excess of the Travel Advance Request should be submitted on the Travel Expense Account Form, subject to approval by the Department Head prior to reimbursement.

City's revised policy: *"The reconciliation of all travel expenses must be documented using the Travel Expense Form. The form is required whether or not expenses equal the amount advanced prior to the travel period. The Travel Expense Form must be accompanied by all original receipts of expenses. Receipts are required for airfare, lodging, registration fees, ground transportation, gasoline for preauthorized rental vehicles and related eligible expenses, including funds advanced to the employee."*

OIG's response: *The City has adopted this recommendation.*

⁴³ Employees should remit the excess funds by making a check payable to the Department of Finance.

Section VII – Documentation of Expenses

The current policy states that “Entertainment expenses are incurred at the employee’s risk and are subject to review by the Chief Administrative Office.”

- **Recommendation # 79:** We recommend that the policy be revised to state that entertainment expenses are disallowed and will not be reimbursed by the City except for the Mayor and, where appropriate, his/her legal spouse, provided that such entertainment is an official function of the City of New Orleans. Entertainment expenses are not necessary while on official City business except for the Mayor while on official business for the City.

***City’s revised policy:** “The Mayor and his/her (legal) spouse and the authorized employees of the Mayor’s Office of Economic Development are eligible for reimbursement of funds used for Official Entertainment, if not charged to a city issued credit card. All other employees will not be reimbursed for Official Entertainment expenses.”*

***OIG’s response:** The City has adopted this recommendation; however acceptable “Official Entertainment” is not defined in the revised policy.*

Section VIII – Mileage Allowance for Travel in Privately Owned Vehicles

The current policy allows for a reimbursement of 58.5 cents per mile. Note: Policy Memorandum No. 21(R) – Auto Allowance has been reviewed and offers the following recommendations that are not included in Policy 9(R) or 21(R).

A. Deficiencies Noted in Section VIII – Mileage Allowance for Travel in Privately Owned Vehicles

The current rate is not based on the current mileage rates dictated by the Internal Revenue Service. IRS rates better reflect current economic conditions and reflect a fair and independently determined reimbursement rate, which is reimbursable for tax purposes.

- **Recommendation # 80:** It is recommended that mileage rates should be reimbursable as determined by the IRS.⁴⁴

***City’s revised policy:** “...The mileage rate is set at 0.55 cents per mile in accordance with the Internal Revenue Service approved rate.”*

⁴⁴ The 2010 rates can be found at <http://www.irs.gov/pub/irs-drop/rp-09-54.pdf>.

OIG's response: *The City has adopted this recommendation; however, the reference to the current IRS rate of .55/mile will require amendments to this policy each time the IRS changes its approved rate.*

The current policy 9(R) and Policy Memorandum No. 21(R) – Auto Allowance is silent on who can claim mileage when employees are carpooling.

- **Recommendation # 81:** We recommend that “when two or more employees travel in the same personally owned vehicle, only one charge be allowed for the expense of the vehicle. The employee claiming reimbursement should report the names of the other passengers.” A mileage allowance should only be authorized for employees approved to use personally-owned vehicles while conducting official City business.⁴⁵

City's revised policy: *“Only the registered owner of a vehicle used for travel is eligible for reimbursement of mileage and operating expenses when two or more employees are authorized to travel by privately owned vehicle. A list of authorized employees traveling together in a city-owned or privately owned vehicle should be provided with the Travel Expense Account form.”*

OIG's response: *The City has adopted this recommendation.*

The current policy 9(R) and Policy Memorandum No. 21(R) – Auto Allowance does not specify how to compute mileage.

- **Recommendation # 82:** We recommend that mileage be computed and printed by using a website mileage calculator or published software package such as MapQuest. The shortest distance mileage should be reimbursed, and employees should print the page indicating that the mileage was researched. This research result should be attached to the employee's Travel Expense Account Form.⁴⁶

City's revised policy: *“Mileage must be computed using Map Quest or Google Maps to obtain the distance from the employee's domicile or the base office to the travel destination. The printed calculations should be submitted with the Travel Authorization and Travel Expense forms....”*

OIG's response: *The City has adopted this recommendation.*

⁴⁵ Refer to the State of Louisiana's Travel Guide 2009-10. It can also be located at www.doa.Louisiana.gov/osp/travel.

⁴⁶ Ibid.

- **Recommendation # 83:** Employees should be reimbursed for mileage from their residence to their official destination, from their official destination to their residence, and any locations in between that are for official business less the round-trip mileage from their residence to their base office.⁴⁷

Employees departing from the office to their final destination are entitled to the full mileage from the office to their final destination.

City's revised policy: "Mileage is eligible for reimbursement from their residence to the official destination, from the official destination to the residence, and any locations in between that are for official business less the round-trip mileage from the residence to their base office. Employees departing from the office to the final destination are entitled to the full mileage from the office to their final destination."

OIG's response: The City has adopted this recommendation.

The current policy 9(R) and Policy Memorandum No. 21(R) – Auto Allowance does not provide direction for routine travel.

- **Recommendation # 84:** We recommend that the Department Head approve an authorization for routine travel for an employee who must travel in the course of performing his/her duties.⁴⁸

City's response: "Employees are provided authorization via the Appointing Authority to use to city-owned departmental pool vehicles to aid them in routine travel such as inter-departmental and inter-agency delivers. Therefore, we don't believe it necessary to include this recommendation in the Travel Policy."

OIG's response: The OIG agrees with the City's response.

The current policy 9(R) does not provide guidance for reimbursement of mileage and other related expenses incurred to travel in a private vehicle in lieu of air travel.

- **Recommendation # 85:** We recommend that the City clarify that en-route expenses incurred with the use of a personal vehicle for official City business should not be reimbursable when incurred for the employee's convenience or in lieu of air travel.

⁴⁷ If an employee lives 5 miles from their office but is required to travel 70 miles (one way) on official business, the employee may be reimbursed for 130 miles ((70 miles x 2) – (5 miles x 2)).

⁴⁸ Refer to the State of Louisiana's Travel Guide 2009-10. It can also be located at www.doa.Louisiana.gov/osp/travel.

The total cost of the mileage should not exceed the cost of travel by using the lowest logical airfare obtained at least 14 days prior to the trip departure date.⁴⁹

City's revised policy: *"Employees may use privately owned vehicles for travel provided that the travel distance is less than 500 miles from the base office or domicile of the employee and if said use is the most cost effective method. The use of a privately owned vehicle for official city business travel must be pre-approved by the Appointing Authority and the respective Deputy Mayor. Justification signed by the employee and the Appointing Authority for use of a privately owned vehicle must accompany the Travel Authorization Form. If approved by the respective Deputy Mayor, the employee is responsible for all operating expenses associated with the travel by privately owned vehicle."*

OIG's response: *The City has adopted this recommendation.*

- **Recommendation # 86:** The employee should not receive an advance or reimbursement for any other expenses en-route to and/or from an authorized destination if they are traveling in a private vehicle in lieu of air travel. These expenses are inclusive of meals and lodging.

However, if an employee, at the request of the department, is asked to use his/her personally owned vehicle out-of-state for a purpose that will benefit the City, then the Department Head, on a case-by-case basis, may determine to pay an employee for all or part of the en-route travel expenses. Proper documentation must be submitted (i.e. detailed receipts).⁵⁰

City's revised policy: *"...The use of a privately owned vehicle for official city business travel must be preapproved by the Appointing Authority and the respective Deputy Mayor. Justification signed by the employee and the Appointing Authority for use of a privately owned vehicle must accompany the Travel Authorization Form. If approved by the respective Deputy Mayor, the employee is responsible for all operating expenses associated with the travel by privately owned vehicle."*

OIG's response: *The City has adopted this recommendation.*

⁴⁹ Ibid.

⁵⁰ Ibid.

The current policy 9(R) does not clarify disallowed expenses.

- **Recommendation # 87:** To clarify disallowed expenses related to the use of a privately-owned vehicle, it is recommended that the City include a requirement that the employee must pay all operating expenses incurred in using their privately-owned vehicle.⁵¹ Operating expenses related to City-owned vehicles are covered in Policy Memorandum 5(R) – City Vehicles.

City's revised policy: “...If approved by the respective Deputy Mayor, the employee is responsible for all operating expenses associated with the travel by privately owned vehicle.”

OIG's response: The City has adopted this recommendation.

- **Recommendation # 88:** City-owned credit cards should not be used by employees for the operation of privately-owned vehicles. Expenses incurred as a result of the use of privately-owned vehicles are not reimbursable (with the exception of mileage).

City's revised policy: “Employees may use privately owned vehicles for travel provided that the travel distance is less than 500 miles from the base office or domicile of the employee and if said use is the most cost effective method. The use of a privately owned vehicle for official city business travel must be pre-approved by the Appointing Authority and the respective Deputy Mayor. Justification signed by the employee and the Appointing Authority for use of a privately owned vehicle must accompany the Travel Authorization Form. If approved by the respective Deputy Mayor, the employee is responsible for all operating expenses associated with the travel by privately owned vehicle...Authorized employees may use a city issued credit card to purchase airline tickets, lodging, transportation, and eligible expenses related to official city business travel.”

OIG's response: The City has adopted this recommendation.

Section IX – Official Business Expense

The policy currently states “documentation must include the purpose of the expense and a listing of the participants, if applicable. Documentation should be attached to the voucher for reimbursement.”

⁵¹ These operating expenses should include, but not be limited to fuel, repairs, and insurance. The mileage rate determined by the IRS considers these factors. Therefore, it is not appropriate for employees to be reimbursed for operating expenses incurred on their privately-owned vehicles.

- **Recommendation # 89:** We recommend that the policy include the following statement: “Unless otherwise noted in the travel expense policy, all expenses should have accompanying detailed receipts that should be attached to the Travel Expense Account Form.” This would ensure that all expenses (and not just a select few) are properly supported prior to submitting the reimbursement request to the City.

City’s revised policy: “Unless otherwise noted in the Travel Expense portion of this policy, all expenses must have the supporting receipts attached to the Travel Expense Account Form....”

OIG’s response: The City has adopted this recommendation.

Section X – Enforcement

The current policy states that “the Department of Finance, Bureau of Accounting, is responsible for reviewing travel advances and settlements for accuracy and compliance.” We recommend that this policy be further clarified. See Recommendation # 58 for the recommended clarification.

IV. POLICY MEMORANDUM NO. 116(R) CREDIT CARD ISSUANCE AND USE

Section I – Purpose

The current policy’s purpose is to “establish an efficient and effective policy and procedure method for the use and issuance of credit cards to purchase goods and services.”⁵²

Section II – Statement of Policy

The current policy’s intent is to “enable employees to purchase items with the convenience of a credit card, while providing management with a means of maintaining control over those purchases...”⁵³

Section III – Description of Credit Card and Authorized Credit Limits

The current policy discusses responsibilities of the Department of Finance and establishes credit card limits for Classified and Unclassified Personnel. It additionally states that all credit cards are to be insured with fraud protection and loss coverage.

Section IV – Request for Issuance

The current policy requires the CAO or department’s appointing authority to approve the issuance of a credit card.

Section V – Appointing Authority Guidelines for Issuance and Reconciliation

The current policy states that “the appointing authority or designated representative must notify the Department of Finance to terminate the use of a credit card for any employee assigned a credit card who has resigned, retired or been terminated from the service of the City of New Orleans.”⁵⁴

- **Recommendation # 90:** We recommend that this policy be expanded to include that “final settlement checks will not be issued until credit cards are properly returned.” This would ensure that the employee is not able to charge expenses after (s)he is no longer employed by the City. It also allows the City to deduct any unauthorized items from her/his last paycheck, if necessary.

City’s revised policy: “The appointing authority or designated representative must notify the Department of Finance to terminate the use of a credit card for any employee assigned a credit card who has resigned, retired, or terminated from the service of the City of New Orleans. Any outstanding travel overpayment due to the City from an employee who has resigned or retired will be deducted from either the final or terminal leave disbursement check.”

⁵² Per City Policy Memorandum No. 116(R).

⁵³ Ibid.

⁵⁴ Ibid.

OIG's response: *The City has adopted this recommendation.*

The current policy states “the appointing authority or designated representative shall review and approve the monthly statement as well as receipts and purchase logs to verify that purchases are for city business related expenses.”⁵⁵

Recommendation # 91: We recommend that the policy clearly state that only City business-related expenses should be charged to the City credit card and that purchases for items that are personal in nature be strictly prohibited. This clarity would help minimize abuse of the credit card and ensure that only business-related expenses are charged to the City credit card and clarify that reimbursements to an employee are prohibited for personal items charged on a City credit card.

City's revised policy: *“The appointing authority or designated representative shall review and approve the monthly statement as well as receipts and purchase logs to verify that purchases are for city business related expenses. Only city business-related expenses shall be charged to the city issued credit card and that purchases for items that are personal in nature are strictly prohibited...Cardholders shall ensure the credit card is used for legitimate business related expenses.”*

OIG's response: *The City has adopted this recommendation.*

A. Deficiencies Noted in Section V – Appointing Authority Guidelines for Issuance and Reconciliation

The credit card policy does not discuss a department-wide credit card. A department-wide credit card may be a more efficient way to purchase occasional business-related expenses.⁵⁶ This card would allow employees to purchase airfare and other approved expenses without requesting an advance or using personal funds.

- **Recommendation # 92:** A department-wide credit card should be maintained in each department, and the monthly bill should be paid out of each department's budget. This practice would limit the amount of expenses the employee is required to pay “out of pocket” prior to reimbursement.

City's response: *“We will consider this recommendation but it does not belong in this policy.”*

OIG's response: *The OIG agrees with the City's response.*

⁵⁵ Ibid.

⁵⁶ The current purchasing system at the City requires about three to four different levels of approval.

- **Recommendation # 93:** We recommend that the City negotiate with a credit card company to receive a credit card that applies an interest rate of 0% for the first 60 days. This would allow sufficient time for each department to pay the monthly bill promptly and minimize interest expense charges.

***City's response:** "We agree with this recommendation and commit to renegotiating the interest rate. We will take the necessary action to accomplish this interest rate agreement and make this a business practice for such accounts. However, we believe that the two policy memoranda are not the appropriate place in which to adopt your recommendation."*

***OIG's response:** The OIG agrees with the City's response.*

Section VI – Cardholder Responsibilities

The current policy limits the credit card use to authorized goods and services and business-related expenses that are in strict compliance with Policy Memorandum No. 24(R) – Services and Moveable Property Procurements and Purchases and Policy Memorandum No. 9(R) – Travel and Business Expenses.

V. CONCLUSIONS

This review of Policy Memoranda No. 9(R) and No. 116(R) resulted in ninety-three (93) recommendations to improve and clarify the City's travel expense and credit card policies. These recommendations are intended to minimize potential fraud and abuse as it relates to expenses incurred by the employees of the City of New Orleans.

The City is planning to fully or partially adopt 88 of these recommendations. The City intends to implement these revised policies in September 2010.

VI. OFFICIAL COMMENTS FROM CITY OF NEW ORLEANS

City Ordinance section 2-1120(9)(c) provides that a person or entity that is the subject of a report shall have 30 working days to submit a written explanation or rebuttal of the findings before the report is finalized, and that such timely submitted written explanation or rebuttal shall be attached to the finalized report.

An Internal Review Copy of this report was distributed on June 17, 2010 to the City of New Orleans to provide an opportunity to comment on the report prior to the public release of this Final Report. The City's comments were due July 29th and fully received on August 11th; these comments are included in the body of this MIR and attached as Appendix I.

CHIEF ADMINISTRATIVE OFFICE
CITY OF NEW ORLEANS

MITCHELL J. LANDRIEU
MAYOR

ANDREW D. KOPPLIN
FIRST DEPUTY MAYOR & CAO

August 11, 2010

Edouard Quatrevaux
Inspector General
City of New Orleans
525 St. Charles Avenue
New Orleans, LA 70130

Dear Mr. Quatrevaux:

This letter is in response to the Management Implication Report "Travel and Business Expense Reimbursement and Credit Card Issuance and Use (Policies 9(R) and 116(R))." We appreciate your office's work to improve the fiscal responsibility and efficiency of City government and thank you for your thoughtful analysis.

Based on the recommendations contained in your report, we have revised the two policies at issue, policy memorandum no. 9(R) regarding travel and business expenses and policy memorandum no. 116(R) regarding credit card issuance and use, both of which are attached to this letter. In revising these policies, we adopted nearly all of the recommendations contained in your report, with the exception of the following recommendations:

Recommendation #62

Recommending that the City should include travel reimbursements with employees' payroll checks:

Currently, the city's payables' disbursement system and human resource systems do not permit us to address this recommendation at this time. As we improve our technology, we commit to finding ways to make this process more efficient.

Recommendation #72

The OIG recommends that an employee who holds a city credit card should only be eligible for an advance of authorized expenditures for amounts greater than the credit card limit. If an employee is waiting on reimbursement from a prior authorized trip, s (he) should also be eligible for an advance in excess of the available credit on the employee's card:

The report implies that some city employees may be eligible for expense accounts greater than the credit limit on the credit card. We believe that as a matter of policy, we should make every reasonable effort not to exceed credit limits. To that end, in Section VII of policy memorandum No. 9R, we prohibit expenditures exceeding the credit limit of the credit card, with exceptions allowable only by a Deputy Mayor.

Recommendation #84

Recommending that the Department Head approve an authorization for routine travel for an employee who must travel in the course of performing his/her duties:

Employees are provided authorization via the Appointing Authority to use to city-owned departmental pool vehicles to aid them in routine travel such as inter-departmental and inter-agency deliveries. Therefore, we don't

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believe it necessary to include this recommendation in the Travel Policy.

Recommendation #92

A department-wide credit card should be maintained in each Department, and the monthly bill should be paid out of each Department's budget. This practice would limit the amount of expenses the employee is required to pay "out of pocket" prior to reimbursement:

We will consider this recommendation but it does not belong in this policy.

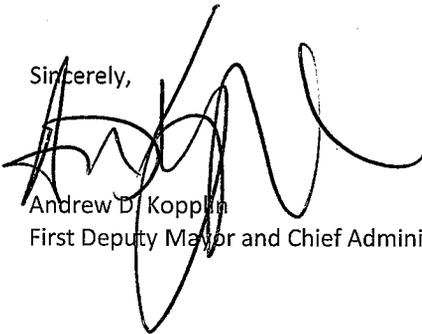
Recommendation #93

We recommend that the City negotiates with a credit card company to receive a credit card that applies an interest rate of 0% for the first 60 days. This would allow sufficient time for each Department to pay the monthly bill promptly and minimize interest expense charges:

We agree with this recommendation and commit to renegotiating the interest rate. We will take the necessary action to accomplish this interest rate agreement and make this a business practice for such accounts. However, we believe that the two policy memoranda are not the appropriate place in which to adopt your recommendation.

Once again, thank you for your work to improve the efficiency of City government. Please do not hesitate to contact me if you have any additional suggestions for improving the travel expense and credit card use policies of the City.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew D. Kopplin', written over the typed name.

Andrew D. Kopplin
First Deputy Mayor and Chief Administrative Officer

**CITY OF NEW ORLEANS
CHIEF ADMINISTRATIVE OFFICE**

POLICY MEMORANDUM No. 9(R)

July 27, 2010

TO: All Departments, Boards, Agencies and Commissions

FROM: Andrew D. Kopplin, First Deputy Mayor/Chief Administrative Officer

SUBJECT: TRAVEL AND BUSINESS EXPENSES

I. PURPOSE

This policy memorandum is republished to improve internal controls by the establishment of additional official city business travel guidelines for authorized employees.

II. DEFINITIONS

A. AUTHORIZED PERSON(S).

The Appointing Authority's deemed person(s) as an authorized traveler for official city business.

B. CONFERENCE AND CONVENTION.

A non-routine meeting organized for a specific purpose and/or objective, such as a seminar, conference, convention or training.

C. OUT-OF-STATE TRAVEL

Travel to any of the other 49 states, including the District of Columbia, Puerto Rico, the Virgin Islands, America Samoa and Guam.

D. INTERNATIONAL TRAVEL

Travel outside the 50 United States and its territories.

E. RECEIPTS AND DOCUMENTATION.

Records of expenditures (except per diem) to support costs associated with official city business travel.

F. TRAVEL PERIOD.

The period of time between the time of departure from the City of New Orleans and the time of return to the City of New Orleans. The travel period ends on the last day of a non-routine meeting, seminar, conference or training. Employees must return to the domicile (City of New Orleans) or the base office on the ending date of the travel purpose unless an

extension of the travel period has been pre-approved by the respective deputy mayor or unless return transportation is cancelled or delayed.

All travel should be directly related to the employee's duties and responsibilities.

III. TRAVEL GUIDELINES

A. Lodging Rates

Employees must obtain "best rates" for hotel/motel accommodations. Employees are required to seek the government rate, conference rate, or the lowest possible nightly rate for a standard single occupancy room. Expedia, Travelocity, Hotels.com, etc., using the similar search criteria (such as length of stay, time of arrival, etc.) are acceptable methods of providing price quotes for pre-travel period approval.

B. Sales Tax

Government employees must present sales tax exemption documentation when securing hotel accommodations for official city business travel. Documentation includes, L.R.S. 47:301(1) AND 47:301(8) and Code of the City of New Orleans 150-801. (See attached letter from the Director of Finance).

C. Conference Registration Fees

Registration Fees associated for official city business travel must be included with the Travel Authorization form and approved by the Deputy Mayor to whom the requesting department reports. Deluxe or luxury registration packages are strictly prohibited.

D. Airfare

Employees are required to purchase the lowest airfare available. The city's contracted travel agency, Going Places, may be used to obtain flight schedules and pricing; however, two (2) other direct price quotes from commercial airlines must also be obtained for coach, economy or business class flights and included with the Travel Authorization form. Employees who chose an upgrade from coach, economy or business class flights are solely responsible for the difference in cost. Expedia, Travelocity, Hotels.com, etc., using the similar search criteria (such as flight times, date of departure, return flight date and time, etc.) are acceptable methods of providing price quotes for pre-travel period approval.

1. Airfare quotes and arrangements must be obtained at least fourteen (14) days prior to departure, except when documented support indicates the inability to comply with the 14 day advance ticket purchase guideline.
2. International flight arrangements must be supported by the stated documentation as Out-Of-State travel.

3. International flights with a flight duration greater than ten (10) hours provides for employees to purchase a business class flight at a rate not to exceed 110% of the coach rate. Documentation of the length of the flight must be provided with the Travel Expense Account form.

E. Per Diem

Employees approved for official city business travel will be provided with a maximum Per Diem of \$58.00 per day during the travel period. The per diem for international travel is provided at a maximum rate \$85 per day. Employees must determine the appropriate Per Diem based on the destination city through the “Meal and Incidental Expense” listing provided by the Internal Revenue Service. Employees are entitled to the maximum per diem rate determined regardless of whether the entire per diem rate used.

Meals provided as a part of a conference and/or included in the conference registration fee should not be reimbursable and the proper amount should be deducted from the per diem.

F. Vehicle Rental

Justification and cost effectiveness of the vehicle rental during the travel period, along with competitive rental and insurance rates must be submitted with a request for prior approval to the respective deputy mayor to whom the department reports. If approved, employee(s) then are authorized to rent at the cost of a compact car, unless a larger vehicle is being used to transport more than three authorized city travelers. Or, if the larger vehicle’s cost is provided at the same rate as a compact vehicle. Supporting documentation of same is required. Unauthorized persons are prohibited from traveling in rented vehicles.

On board navigation systems (GPS) may be requested by employees for use in a rented vehicle while traveling on official city business, provided justification is included with the request for prior approval with the Appointing Authority and respective Deputy Mayor.

G. Rental Vehicle Insurance

Authorization for vehicle rental also provides for the purchase of insurance. Employees may purchase Collision Damage Waiver (CDW), Loss Damage Waiver (LDW), Supplemental Liability Insurance (SLI) or Theft/Super-Theft Protection.

H. City-Owned Vehicles

City-owned vehicles may be used for travel with prior approval of the respective deputy mayor, provided that the travel distance is less than 500 miles from the base office or domicile of the employee and if said use is

the most cost effective means of travel. No person should be authorized to operate a City vehicle unless that person is a classified or unclassified employee of the City of New Orleans; any duly appointed member of the City Council or any other person who has received specific written approval from the Department Head or Deputy Mayor. A centralized file should be kept containing all said approvals.

I. Privately Owned Vehicles

Employees may use privately owned vehicles for travel provided that the travel distance is less than 500 miles from the base office or domicile of the employee and if said use is the most cost effective method. The use of a privately owned vehicle for official city business travel must be pre-approved by the Appointing Authority and the respective Deputy Mayor. Justification signed by the employee and the Appointing Authority for use of a privately owned vehicle must accompany the Travel Authorization Form. If approved by the respective Deputy Mayor, the employee is responsible for all operating expenses associated with the travel by privately owned vehicle.

J. Mileage

Mileage must be computed and printed by using Map Quest or Google Maps to obtain the distance from the employee's domicile or the base office to the travel destination. The printed calculations should be submitted with the Travel Authorization and Travel Expense forms. The mileage rate is set at 0.55 cents per mile in accordance with the Internal Revenue Service approved rate.

K. Grounds Transportation

Grounds Transportation, the use of mass transit such as buses, subways, elevated trains, taxi cabs, and shuttles are the recommended methods of transportation, except when authorization has been provided for a rental vehicle.

L. Credit Card Use

Authorized employees may use a city issued credit card to purchase airline tickets, lodging, transportation, and eligible expenses related to official city business travel.

IV. TRAVEL AUTHORIZATION AND EXPENSE ACCOUNT FORMS.

- A. All travel requests are initiated using the Travel Authorization Form (TAF). See attached form. The TAF must be signed by the employee and Department Head prior to the submission to the respective deputy mayor.
- B. Employees who report directly to the Mayor must obtain the Mayor's signature on the TAF.

- C. Copies of the approved TAF must be retained in the department's files and must accompany the payment document for any advance of funds and the travel expense account form.

V. TRAVEL ADVANCE

- A. A travel advance may be requested using a payment document accompanied by a properly signed Travel Authorization Form. The payment document and signed TAF must include itemized documentation (i.e., secured airline tickets, hotel accommodations, registration fees, etc.) of all funds requested. The transaction may be completed using the Buy Speed for general fund expenditures or AFIN for non-general fund expenditures.
- B. The travel advance may be requested up to thirty (30) days prior to the beginning of the travel period to ensure receipt of funds.
- C. An authorized employee may receive in advance, fifty-eight dollars (\$58.00) per diem per day of the travel period for meals, except when travel begins at 6: 00 p.m. or later or ends at noon or earlier on the last day of travel.
- D. An authorized employee may receive the cost of airfare in advance provided the guidelines described herein Section III are followed.
- E. An authorized employee may receive the cost of conference or convention registration fees in advance, if applicable. Registration fees will on be paid or reimbursed for the standard registration cost. Deluxe or luxury packages are strictly prohibited.
- F. An authorized employee may receive the cost of a rental vehicle in advance provided the respective deputy mayor has issued prior approval for said vehicle.
- G. An authorized employee is responsible for incidental travel expenses that are not covered by the Travel and Business or Credit Card Policy.
- H. Official entertainment expenses are reserved for Economic Development purposes and the Mayor and his or her (legal) spouse while engaged in official city business travel. Said expenses are not eligible to travel advance.
- I. Travel advances shall be for a specific employee and to a specific destination only. In case of cancellation of travel, the travel advance payment must be returned.

- J. Travel advance checks shall not be drafted to any employee other than the employee named on the Travel Authorization documents.
- K. Non-refundable ticket, if purchased for travel and not used must be returned to the Authority for other possible use before the expiration period allowed by the airline.
- L. When not using a city contracted travel agency, employees may secure travel arrangements such as airfare, hotel accommodations and registration fees by using a personal credit card. Written proof from the airline, hotel, and registration fees must accompany the Travel Authorization Form request. The amount received with a travel advance must be included in the Travel Expense Account form.

Only the items expressly listed within this section of the policy will be considered for an advance of funds.

VI. ELIGIBLE REIMBURSEMENT TRAVEL EXPENSES

- A. Airfare is eligible provided the employee has complied with the guidelines for the purchase of airline tickets.
- B. Hotel accommodations are eligible provided the employee has complied with the guidelines for securing said accommodations.
- C. Hotel Landry services will be reimbursed only if the authorized employee's travel period extends beyond seven (7) days.
- D. Hotel Internet services are eligible.
- E. Hotel Communication services (phone calls) will be reimbursed, but are limited to five dollars (\$5.00) during the travel period.
- F. Luggage fees for one (1) checked bag for travel of five (5) days or less or two (2) bags for travel of six (6) or more days are eligible.
- G. Mileage is eligible for reimbursement from their residence to the official destination, from the official destination to the residence, and any locations in between that are for official business less the round-trip mileage from the residence to their base office. Employees departing from the office to the final destination are entitled to the full mileage from the office to their final destination.
- H. Parking costs (at the best rate) for city-owned vehicles, including airport parking are eligible for the authorized travel period only. Parking fees for authorized rental vehicles are also eligible for the authorized travel period only. Receipts for expenses exceeding \$5 require a receipt.
- I. Tolls and Ferry fares are eligible. Receipts are not required for toll or ferry fares under \$5.
- J. Operating expenses such as gasoline for the pre-approved use of a city owned or privately owned vehicle for travel are eligible. However,

mechanical failure of privately owned vehicles due to improper or infrequent vehicle maintenance is not subject to reimbursement.

- K. All purchases related to City-owned vehicles made with a city issued credit card should be signed by the employee who holds the credit card and who is the authorized operator of the city vehicle. The license plate number, the city vehicle inventory number (or A-number) along with a detailed receipt of purchases and justification of purchases must be submitted with the Travel Expense Account form. Items incidental to the operation of the vehicle may be purchased with a city issued credit card only when an employee is away from their residence on travel status.
- L. Only the registered owner of a vehicle used for travel is eligible for reimbursement of mileage and operating expenses when two or more employees are authorized to travel by privately owned vehicle. A list of authorized employees traveling together in a city-owned or privately owned vehicle should be provided with the Travel Expense Account form.
- M. Employees may be allowed to retain promotion items, including frequent flyer miles earned while on official city business.

Only the expenses expressly listed in this section here are eligible for reimbursement.

VII. INELIGIBLE REIMBURSEMENT TRAVEL EXPENSES

- A. Upgrades for airfare or hotel accommodations at the expense of the City are not permitted, unless the airline or hotel is unable to provide the allowable accommodations at the time necessary to carry out the purpose of travel. Companion and/or spouse fares are not reimbursable. Written proof from the airline or hotel must be submitted with the Travel Authorization Form and must be approved by the respective Deputy Mayor.
- B. Change of plans will not be permitted unless written support of the following circumstances: 1) injured on duty; 2) funeral leave; 3) scheduled training; 4) military leave; 5) maternity leave; 6) family medical leave; 7) official emergency leave; and, 8) changes requested by the Appointing Authority or Deputy Mayor.
- C. Expenses not supported by receipts will not be reimbursed to the employee.
- D. Any expenses charged to the hotel room for the entertainment or convenience of the employee is strictly prohibited (i.e., movies, mini-bar items, fitness center use, etc.).
- E. Expenses charged to the city issued credit card which are deemed ineligible and are not within the guidelines of this policy will not be paid by the city; and therefore, will be the responsibility of the employee.

- F. Gasoline purchases beyond the expiration of the travel period will not be reimbursed.
- G. Grounds transportation not related to the specified travel purpose will not be reimbursed.
- H. Meals paid for with the city issued credit card renders the employee ineligible to receive a Per Diem. Meals may not exceed the Per Diem authorized amount of \$58.00 per day.
- I. Overweight luggage fees will not be reimbursed unless they result from the transportation of business materials and/or equipment required for travel.
- J. Laundry services will not be reimbursed for a travel period of less than seven (7) days.
- K. Separate flight insurance policies will not be reimbursed.
- L. Employees authorized to have use a city issued credit card may not exceed the established credit limit, unless approved by the respective Deputy Mayor. Any over the credit limit fees generated by purchases will be the sole responsible of the employee and must be remitted to the city.

VIII. TRAVEL INSURANCE POLICY

- A. The City provides a blanket air travel insurance policy for City employees. This employee policy will cover all employees who travel on City business provided the employees receive prior approval for travel.
- B. The air travel policy covers City employees only while in transit on airplanes and only on scheduled flights of commercial airlines. The amount of coverage is \$125,000.00 per person.
- C. The estate of the City employee shall receive the insurance payments, unless designated a specific beneficiary. Designation of a specific beneficiary may be included on the Travel Authorization Form.
- D. Reimbursement will not be made by the City to any employee who purchases Flight Insurance, Personal Accident Insurance (PAC), and Emergency Sickness Protection (ESP).

IX. TRAVEL EXPENSE RECONCILIATION.

- A. The reconciliation of all travel expenses must be documented using the Travel Expense Form. The form is required whether or not expenses equal the amount advanced prior to the travel period. The Travel Expense Form must be accompanied by all original receipts of expenses. Receipts are required for airfare, lodging, registration fees, ground transportation, gasoline for pre-authorized rental vehicles and related eligible expenses, including funds advanced to the employee.
- B. The Travel Expense Form must be filed with supporting documentation of expenses no later than ten (10) days after the expiration of the travel period. Failure to submit the Travel Authorization Form and supporting documentation will result in forfeiture of any reimbursement that may be due to the employee.
- C. The reconciliation of travel expenses which results in overpayment by the City requires that the employee reimburse the city within ten (10) days of the travel period expiration.
- D. The Mayor and his/her (legal) spouse and the authorized employees of the Mayor's Office of Economic Development are eligible for reimbursement of funds used for Official Entertainment, if not charged to a city issued credit card. All other employees will not be reimbursed for Official Entertainment expenses.

Employees are responsible for maintaining original copies of all receipts and reviewing all charges for accuracy for submission with the Travel Expense Account form. Any additional documentation requested by the Appointing Authority, Deputy Mayor or the Finance Department is the sole responsibility of the employee.

X. OFFICIAL BUSINESS EXPENSE

Unless otherwise noted in the Travel Expense portion of this policy, all expenses must have the supporting receipts attached to the Travel Expense Account Form. Lack of compliance to policies will be referred to the First Deputy Mayor and may result in disciplinary action.

XI. ENFORCEMENT

The Department of Finance, Bureau of Accounting is responsible for reviewing travel advance requests and travel expense account reconciliations for accuracy and compliance prior to the release of reimbursements. Any requests for travel advance or reimbursement must be returned to the originating department if receipts are insufficient or not included with the appropriate forms. Finance will ensure settlement of travel expenses are made to employees within ten (10) business days of submission.

XII. INQUIRIES

Inquiries regarding this policy may be addressed to the Chief Administrative Office, Employee Relations Division at 658-8613.

ADK/CBB/cbb

**CITY OF NEW ORLEANS
CHIEF ADMINISTRATIVE OFFICE**

POLICY MEMORANDUM No. 116(R)

**July 27, 2010
Effective: September 1, 2010**

TO: All Departments, Boards, Agencies and Commissions

FROM: Andrew D. Kopplin, First Deputy Mayor/Chief Administrative Officer

RE: **CREDIT CARD ISSUANCE AND USE**

I. PURPOSE

The purpose of this memorandum is to establish an efficient and effective policy and procedure method for the use and issuance of credit cards to purchase goods and services.

II. STATEMENT OF POLICY

It is the intent of this policy to enable employees to purchase items with the convenience of a credit card, while providing management with a means of maintaining control over those purchases. It will also improve the efficiency and effectiveness associated with the purchasing of goods and services.

III. DESCRIPTION OF CREDIT CARD AND AUTHORIZED CREDIT LIMITS

The City of New Orleans shall use the City's primary credit card to purchase goods and services. The Department of Finance will be responsible for securing and issuing credit cards to assigned Departments and Personnel. Account credit limit(s) will vary between \$2,500.00 and \$15,000.00, as determined by First Deputy Mayor/Chief Administrative Officer. The credit card limit will be applicable to all Classified and Unclassified Personnel. All credit cards will be insured with fraud protection and loss coverage.

IV. REQUEST FOR ISSUANCE

Request for issuance of a credit card(s) shall be made to the departments' respective Deputy Mayor by the Appointing authority or his/her designated representative. Upon approval by the Deputy Mayor, the Department of Finance shall have a credit card issued in the name of the designated employee and the City of New Orleans. Authorized credit card users are required to sign the Credit Card Employee Agreement prior to the issuance of a city credit card. (**Attachment A**).

V. APPOINTING AUTHORITY GUIDELINES FOR ISSUANCE, USE AND RECONCILIATION

- a. It is the responsibility of the appointing authority or designated representative to request the issuance of a credit card for employees of their department.

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- b. Upon issuance, the appointing authority or designated representative must ensure that employees acknowledge receipt of the credit card as well as their role in properly caring for the card by signing or initialing a Property Issuance/Return Form (**Attachment B**) as referred to in Policy Memorandum No. 109. The credit card number, expiration date and credit limit must be recorded. A copy of this form must be retained in the employee's personnel file.
- c. The appointing authority or his/her designated representative must ensure proper maintenance of the card, prompt reconciliation of monthly statements and proper budgetary controls.
- d. The appointing authority or designated representative must ensure that all cards lost or stolen are reported immediately to the credit card company and the Department of Finance.
- e. The appointing authority or designated representative must provide the necessary training on proper use of the credit cards.
- f. The appointing authority or designated representative must notify the Department of Finance to terminate the use of a credit card for any employee assigned a credit card who has resigned, retired or terminated from the service of the City of New Orleans. Any outstanding travel overpayment due to the City from an employee who has resigned or retired will be deducted from either the final or terminal leave disbursement check.
- g. The appointing authority or designated representative shall review and approve the monthly statement as well as receipts and purchase logs to verify that purchases are for city business related expenses. Only city business-related expenses shall be charged to the city issued credit card and that purchases for items that are personal in nature are strictly prohibited.
- h. Upon approval, the appointing authority or designated representative shall forward within fifteen (15) days of receipt of billing, copies of receipts and detail/purpose of expenditures to Department of Finance for payment.

VI. CARDHOLDER RESPONSIBILITIES

The cardholder will utilize the credit card for the purchase of authorized goods and services and business related expenses in strict compliance with the Policy Memorandum No. 24(R) – Services and Moveable Property Procurements and Purchases and Policy

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Cardholders shall:

- a. Ensure the credit card is used for legitimate business related expenses.
- b. Maintain the credit card in a secure location at all times.
- c. Not allow other individuals access to the City's credit card.
- d. Not incur charges above the approved credit card limit.
- e. Not incur any charges for personal use.
- f. Use the credit card within the limits of CAO Policy Memorandum Nos. 24(R) and 9(R).
- g. Maintain receipts for all purchases and supporting documentation, as well as packaging receipts, ordering documents or documentation that includes the description of items and prices for purchases in which a receipt is not generated.
- h. Review monthly statements to verify the accuracy of purchases listed. If inaccuracies are found, cardholders shall contact the credit card company to review and/or attempt to resolve the matter with the vendor.
- i. Submit a signed reconciled credit card statement with a receipt and explanation for each charge incurred to appointing authority or designated representative for review and approval.
- j. Immediately notify the credit card company, the appointing authority or designated representative, and the Department of Finance, if the credit card is lost or stolen. If the credit card was stolen, a report should be filed with the New Orleans Police Department. In addition, the employee must complete a copy of **Attachment C**, Report of Lost, Damaged or Stolen Property, from Policy Memorandum No. 109.
- k. Return the credit card to the Appointing Authority or designated representative immediately upon termination, resignation or promotional transfer.

VII. CARD MISUSE

Any employee suspected of having misused the credit card with the intent to defraud the city will be subject to an investigation. Should the findings result in sufficient evidence of fraud the employee will be subject to disciplinary action and/or criminal charges.

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VIII. ENFORCEMENT

All charges and supporting documentation are subject to review by the respective Deputy Mayor. If the charges or documentation are not acceptable, the Deputy Mayor has the discretion to suspend and/or require reimbursement of any charge incurred.

IX. INQUIRIES

Questions regarding this policy may be addressed to the Budget and Operations Management Division of the Chief Administrative Office and the Department of Finance.

For further information, please refer to Policy Memorandum 109 – Regulations Pertaining to Assignment, Usage and Care, and Return of City Property by Employees.

ADK/CBB/cbb

Attachments