

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.