



Office of Inspector General

City of New Orleans

A Review of the New Orleans Aviation Board's Credit Card Activity

AR11REV004

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Inspector General**

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EXECUTIVE SUMMARY

Background: The New Orleans Aviation Board (“NOAB”) was established to provide for the operation and maintenance of Louis Armstrong New Orleans International Airport, which is a proprietary component unit of the City of New Orleans (“City”). The Board consists of nine members appointed by the mayor with the approval of the City Council¹.

On January 12, 2011, an analysis of NOAB credit card activity and travel and entertainment transactions for the period January 1, 2008 through October 31, 2010 was released by an independent CPA firm, Harold A. Asher, CPA, LLC. The purpose of the report was to analyze travel and entertainment expenses by airport employees and Board members on NOAB-issued credit cards. The report found there were significant meal, entertainment and travel expenses by cardholding employees and the former Chairman of the Board with little to no documentation of the business purpose of the expense.

On January 24, 2011, the City of New Orleans Office of Inspector General announced it would conduct a review of NOAB credit card activity and all related policies for the period January 1, 2008 through October 31, 2010. The objective of the review was to evaluate the effectiveness of NOAB policies and procedures in place with regard to credit card usage and business expenses.

Summary: During the period January 1, 2008 through October 31, 2010, there were 3,067 credit card transactions incurred by NOAB employees and the former Chairman of the Board² on NOAB-issued credit cards³. These purchases totaled \$562,688. The review revealed that adopted NOAB credit card and business expense policies⁴ were not followed consistently. The former Chairman, Director, and Deputy Directors were not held to the same review standards as other NOAB employees. The auditors also noted that improper travel and meal expenditures, much of which lacked required supporting documentation, were incurred during the period tested. Public funds were spent on alcohol, gifts, and sponsorship of events having little to do with airport operations. The overall lack of documentation and review of employee purchases on NOAB credit cards resulted in waste and abuse of public funds (see summary of abuse in Appendix).

¹ The City of Kenner and the Parish of St. Charles each have input as to the selection of one Board member appointed by the mayor.

² The former Chairman of the Board (“Chairman”) referred to in this report was Chairman until August 2010, and remained on the Board until his resignation on January 24, 2011. During the period tested until his resignation, the Chairman had a personal NOAB credit card in his name. Other Board members were not issued personal NOAB credit cards, but could request temporary use of an NOAB Staff credit card for official NOAB business.

³ During the period covered in this report, there were twelve NOAB credit cards in use. The Director of Aviation (“Director”), Deputy Director of Finance & Administration, and former Chairman each had a personal NOAB credit card in their name. Nine additional NOAB cards were also in use belonging to a single “NOAB Staff” account. In addition to the Deputy Director of Finance & Administration, who was assigned an NOAB credit card in her name, there were four other Deputy Directors, who were assigned NOAB Staff credit cards. The remaining NOAB Staff cards were held by the Deputy Director of Finance & Administration and issued to airport employees after a “Staff Credit Card Usage” form detailing their planned business expenses was submitted and approved.

⁴ The NOAB adopted City of New Orleans policies 9(R) and 116(R) as its Travel and Credit Card policies respectively.

The recommendations in this report, if adopted, should improve the NOAB's internal controls over credit card usage and reduce the opportunity for fraud and the prevalence of waste and abuse of NOAB credit cards.

In its response to this report, the NOAB agreed with all twelve findings and stated that the resulting recommendations will be fully adopted into the NOAB's policies by June 30, 2012. The scope of the review did not go beyond October 31, 2010 and was prior to any revisions to NOAB policy discussed in the NOAB response. These revised policies will be examined as part of a follow-up review to be conducted in 2013.

I. OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the review was to evaluate the effectiveness of NOAB policies and procedures in place regarding credit card usage. The review covered the period January 1, 2008 through October 31, 2010.⁵

This review was conducted in accordance with the *Principles and Standards for Offices of Inspector General* (the Green Book⁶).

To accomplish the review's objectives, the auditors:

1. Conducted interviews with NOAB employees and the CPA firm⁷ that performed the analysis of NOAB credit card activity released in January of 2011;
2. Reviewed NOAB-adopted City of New Orleans Policy Memorandum No. 116(R)⁸ "Credit Card Issuance and Use" and Policy Memorandum No. 9(R) "Travel and Business Expenses"⁹ to verify NOAB business expenses were incurred in accordance with these policies¹⁰;
3. Reviewed NOAB internal controls over credit cards;
4. Tested 100 percent of credit card transactions for the Director¹¹ and former Chairman by tracing each transaction from the monthly statements to the original supporting documentation from January 1, 2008 through October 31, 2010;
5. Tested credit card activity for all other airport staff by tracing a random sample of transactions from the monthly statements to the original supporting documentation from January 1, 2008 through October 31, 2010¹²; and
6. Researched best practices¹³ and Louisiana Attorney General Opinions regarding credit card usage and allowable business expenses.

⁵ The CPA report performed by Harold A. Asher CPA, LLC was released in January of 2011 and covered the period January 1, 2008 through October 31, 2010.

⁶ Published by the Association of Inspectors General, May 2004.

⁷ The CPA report performed by Harold A. Asher CPA, LLC was released in January of 2011 and covered the period January 1, 2008 through October 31, 2010.

⁸ 116(R) refers to the October 2008 revision.

⁹ As a result of the OIG report released on August 24, 2010 (www.nolaig.org) the City's policies 9(R) and 116(R) were revised by the City with an effective date of July 27, 2010 and September 1, 2010, respectively. Auditors used the policies that were in use during the period tested.

¹⁰ NOAB adopted City of New Orleans policies 9(R) and 116(R) as its Travel and Credit Card policies respectively.

¹¹ Testing of Director credit card activity consisted of 504 transactions made by the former Director from the period January 1, 2008, through the final transaction on June 30, 2009, prior to his leave of absence and subsequent October 15, 2009 resignation. From June 30, 2009 through June 30, 2010, there were no charges made on the Director's credit card. After this period there were twenty-four charges made through October 31, 2010, by the current Director, which the auditors also tested.

¹² In addition to testing 100 percent of the Director and former Chairman's credit card transactions, the auditors also randomly selected fifty transactions from the Director of Finance & Administration's credit card statements and sixty transactions from the NOAB Staff credit card statements for the period January 1, 2008 through October 31, 2010.

¹³ Best practices were obtained from the Louisiana Legislative Auditor's website (<http://www.lla.state.la.us/localgovernment/bestpractices/>) and professional experience and judgment.

Testing of NOAB Credit Card Activity for Period January 1, 2008 – October 31, 2010

Cardholder	Total NOAB Credit Card Transactions (A)	Number of NOAB Transactions Tested (B)	Percentage of Credit Card Transactions Tested (B)/(A)	Total Dollar Value of All Credit Card Transactions (C)	Total Dollar Value of Transactions Tested (D)	Dollar Percentage of Transactions Tested (D)/(C)
Director – Former	504	504	100%	\$81,470	\$81,470	100%
Director – Current	24	24	100%	\$1,444	\$1,444	100%
Chairman – Former	167	167	100%	\$77,915	\$77,915	100%
Deputy Director of Finance	124	50	40%	\$26,883	\$9,308	35%
NOAB Staff	2,248	60	3%	\$374,976	\$20,249	5%
Totals	3,067	805	26%	\$562,688	\$190,386	34%

NOAB Employment History of Cardholders Tested

Cardholder	Period of Service at NOAB	Summary of Service
Director - Former	June 2006 - October 2009	<ul style="list-style-type: none"> • Named Acting Director effective June 1, 2006. • Named Director effective May 16, 2007. • Leave of absence effective June 26, 2009. • Resigned effective October 15, 2009.
Director - Current	May 2010 - Current	<ul style="list-style-type: none"> • Named Director effective May 24, 2010
Chairman - Former	July 2002 - January 2011	<ul style="list-style-type: none"> • Chairman from July 2002 through August 2010. • Continued to serve on the Board from August 2010 until his resignation on January 24, 2011.
Deputy Director of Finance	November 1993 - July 2010	<ul style="list-style-type: none"> • Named Deputy Director of Finance & Administration November 18, 1993. • Served as Acting Director of Aviation from October 2009 through May 2010 when the current Director of Aviation took office. • Resigned effective July 10, 2010 and the position remained vacant until February 2011 when it was renamed Deputy Director and Chief Financial Officer.

The report includes findings and recommendations relating to the NOAB’s review and approval of policies for credit card purchases. These recommendations were based on City of New Orleans’ policy memoranda, Louisiana Attorney General Opinions and best practices.¹⁴

Computer-processed data was provided and relied on during testing, which detailed information on actual expenditures of NOAB credit cards for the period of the report.

Although a formal reliability assessment of the computer-processed data was not performed, the auditors determined that hard copy documents reviewed were reasonable and generally agreed with the information contained in the computer-processed data.

¹⁴ Best practices were obtained from the Louisiana Legislative Auditor’s website (<http://www.lla.state.la.us/localgovernment/bestpractices/>) and professional experience and judgment.

No errors were found that would preclude us from using the computer-processed data to meet the report's objectives or that would change the conclusions of this report.

All responses by the NOAB in the body of this report are direct statements from the NOAB and have not been modified.

II. CREDIT CARD ACTIVITY FINDINGS

Background for Findings 1 – 3: The auditors tested each credit card transaction for three specific attributes required by NOAB credit card policy¹⁵ or travel and expense policy¹⁶:

1. NOAB credit card policy required all cardholders to “maintain receipts for all purchases and supporting documentation”¹⁷ (exceptions noted in Finding # 1).
2. NOAB travel and business expense policy required that written documentation submitted for official business expenses “include the purpose of the expense”¹⁸ (exceptions noted in Finding # 2).
3. NOAB credit card policy required cardholding employees to “submit a signed reconciled credit card statement”¹⁹ with receipts for each charge incurred to the appointing authority or designated representative for review and approval”²⁰ (exceptions noted in Finding # 3).

Finding # 1:

Condition: NOAB employees and the former Chairman, who were assigned credit cards, did not consistently turn in the required supporting documentation for each credit card transaction. Of the 805 transactions tested, 295 (37 percent) totaling \$80,057 lacked supporting documentation, such as an original receipt or invoice (Table 1).

Table 1: Credit Card Transactions Lacking Supporting Documentation

Cardholder	Number of Credit Card Transactions Tested (A)	Total Dollar Amount of Transactions Tested (B)	Number of Transactions Lacking a Supporting Documentation (C)	Percentage of Transactions Lacking Supporting Documentation (C)/(A)	Total Dollar Value of Transactions Lacking Supporting Documentation (D)	Total Dollar Percentage of Transactions Lacking Supporting Documentation (D)/(B)
Director - Former	504	\$ 81,470	164	33%	\$34,048	42%
Director - Current	24	\$1,444	0			
Chairman - Former	167	\$77,915	130	78%	\$45,984	59%
Deputy Director of Finance	50	\$9,308	0			
NOAB Staff	60	\$20,249	1	2%	\$25	0%
Totals	805	\$190,386	295	37%	\$80,057	42%

¹⁵ The NOAB adopted City of New Orleans Policy Memorandum 116 “Credit Card Issuance and Use” revised as of October 1, 2008, during the period tested. The NOAB adopted City of New Orleans Policy Memorandum No. 9 “Travel and Business Expenses” revised as of November 1, 2008, during the period tested. Prior to the issuance of Policy Memorandum 116 “Credit Card Issuance and Use” in October 2008, NOAB used an internal “Use of Aviation Board Credit Cards” policy during the period tested. This policy also required the three specific attributes for each credit transaction tested by auditors.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ NOAB policy required employees to document the business purpose of each expense on a Credit Card Reconciliation Report, which was approved by the Director and/or a Deputy Director. All support was required to be attached to the Credit Card Reconciliation Report for each expense listed.

²⁰ The NOAB adopted City of New Orleans Policy Memorandum No. 116 “Credit Card Issuance and Use” revised as of October 1, 2008, during the period tested.

Recommendation: The NOAB should enforce the policy that original receipts and invoices be submitted for all credit card transactions. Cardholders who fail to provide original receipts should be required to pay for the expense with personal funds.

NOAB Comment: *“Agree, to the extent that supporting documentation was not located to support credit card transactions. The Board and the Executive Director adopted new credit card policies in January 2011 that require the user of a credit card to maintain and submit ‘receipts for all purchases, as well as packaging receipts, ordering documents or documentation that includes the description of items and prices in which a receipt is not generated’ for each transaction. These policies are being enforced.”*

Finding # 2:

Condition: NOAB employees and the former Chairman did not provide the required business purpose for each credit card transaction. Of the 805 transactions tested, 272 (34 percent) totaling \$71,102 did not have a written explanation of the business purpose of the expense (Table 2).

Table 2: Credit Card Transactions Lacking Explanation of Expense

Cardholder	Number of Credit Card Transactions Tested (A)	Total Dollar Amount of Transactions Tested (B)	Number of Transactions Lacking an Explanation of Expense (C)	Percentage of Transactions Lacking an Explanation of Expense (C)/(A)	Total Dollar Value of Transactions Lacking an Explanation of Expense (D)	Total Dollar Percentage of Transactions Lacking an Explanation of Expense (D)/(B)
Director - Former	504	\$81,470	183	36%	\$38,486	47%
Director - Current	24	\$1,444	0			
Chairman - Former	167	\$ 77,915	86	51%	\$32,563	42%
Deputy Director of Finance	50	\$ 9,308	2	4%	\$26	0%
NOAB Staff	60	\$ 20,249	1	2%	\$27	0%
Totals	805	\$ 190,386	272	34%	\$71,102	37%

Recommendation: The NOAB should enforce the existing policy that requires NOAB cardholders to provide a written explanation of the business purpose of each expense for all credit card transactions.

NOAB Comment: *“Agree, to the extent that supporting documentation was not located that stated a business purpose for each credit card transactions. The Board and the Executive Director adopted new credit card policies in January 2011 that require the user of a credit card to submit an ‘explanation for each charge incurred’. These policies are being enforced.”*

Finding # 3:

Condition: The Director and all Deputy Directors were allowed to sign their own Credit Card Reconciliation Reports. The former Chairman²¹ did not submit a report for his credit card transactions. As a result of insufficient approval controls, Credit Card Reconciliation Reports were not submitted for each expense and sufficient documentation was not provided describing the business purpose of each expense. Forty-three percent of credit card transactions tested, totaling \$116,924, were not documented on a Credit Card Reconciliation Report (Table 3).

Table 3: Transactions Lacking a Credit Card Reconciliation Report

Cardholder	Number of Credit Card Transactions Tested (A)	Total Dollar Amount of Transactions Tested (B)	Number of Transactions Lacking Signed Credit Card Reconciliation Report (C)	Percentage of Transactions Lacking Signed Credit Card Reconciliation Report (C)/(A)	Total Dollar Value of Transactions Lacking Signed Approval Form (D)	Total Dollar Percentage of Transactions Lacking Signed Approval Form (D)/(B)
Director - Former	504	\$81,470	183	36%	\$38,486	47%
Director - Current	24	\$1,444	0			
Chairman - Former	167	\$77,915	162	97%	\$77,815	100%
Deputy Director of Finance	50	\$9,308	2	4%	\$26	0%
NOAB Staff	60	\$20,249	1	2%	\$597	3%
Totals	805	\$190,386	348	43%	\$116,924	61%

Recommendation: The NOAB should enforce its credit card policy requiring all employees and Board members to document each expense on a Credit Card Reconciliation Report. The NOAB’s written credit card policy should be updated to require that the review and approval of Credit Card Reconciliation Reports be performed by someone other than the person submitting the report. The Director’s reconciliation reports should be approved by a member of the Board.

NOAB Comment: *“Agree. The Board and the Executive Director adopted new credit card policies in January 2011. Under the new policies, the Executive Director’s expenditures are reviewed and approved monthly by the Board Chairman; and, for staff, the user must submit the ‘receipt and explanation for each transaction to their respective Deputy Director and/or Director for review and approval, in advance of routing’ to the Finance Department for further processing. These policies are being enforced.”*

²¹ The former Chairman was not required to submit a completed Credit Card Reconciliation Report. His secretary provided explanations and any available receipts to NOAB’s accounting department via e-mail in cases when an explanation of expense was forthcoming.

Finding # 4:

Background: The Louisiana Legislative Auditor’s “Checklist of Best Practices in Government” stated that cardholders turn in “itemized/detailed receipts and other appropriate documentation for all credit card charges appearing on the monthly statement.”²²

Condition: Itemized and properly documented meal receipts were neither obtained nor submitted. Of the 281 meal transactions tested totaling \$30,679, seventy-six of the transactions lacked a receipt (Table 4-A) and sixty-seven transactions lacked any explanation of the business purpose of the expense (Table 4-B). For the 205 meal transactions where a receipt was provided only two (less than 1 percent of the receipts) were itemized.

Table 4-A: Analysis of Credit Card Expenses for Meals Lacking a Receipt

Cardholder	Number of Meal Transactions Tested (A)	Total Meal Expenses Tested (B)	Average Expense Per Meal (B)/(A)	Number of Meals Lacking a Receipt (C)	Percentage of Meals Lacking a Receipt (C)/(A)	Dollar Value of Meals Lacking a Receipt (D)	Dollar Percentage of Meals Lacking a Receipt (D)/(A)
Director - Former	212	\$17,226	\$81	51	24%	\$ 2,863	17%
Director - Current	5	\$170	\$34	0			
Chairman - Former	27	\$3,375	\$125	25	93%	\$1,934	57%
Deputy Director of Finance	20	\$3,704	\$185	0			
NOAB Staff	17	\$6,204	\$365	0			
Totals	281	\$30,679	\$109	76	27%	\$4,797	16%

Table 4-B: Analysis of Credit Card Expenses for Meals Lacking a Business Purpose Explanation

Cardholder	Number of Meal Transactions Tested (A)	Total Meal Expenses Tested (B)	Average Expense Per Meal (B)/(A)	Number of Meals Lacking a Business Purpose (C)	Percentage of Meals Lacking a Business Purpose (C)/(A)	Dollar Value of Meals Lacking a Business Purpose (D)	Dollar Percentage of Meals Lacking a Business Purpose (D)/(A)
Director - Former	212	\$17,226	\$81	56	26%	\$ 3,198	19%
Director - Current	5	\$170	\$34	0			
Chairman - Former	27	\$3,375	\$125	11	41%	\$617	18%
Deputy Director of Finance	20	\$3,704	\$185	0			
NOAB Staff	17	\$6,204	\$365	0			
Totals	281	\$30,679	\$109	67	24%	\$3,815	12%

²² Louisiana Legislative Auditor “Checklist of Best Practices in Government”
<http://www.la.state.la.us/userfiles/file/bpchecklistapr11.doc>

Recommendation: NOAB policy should be updated to require that itemized receipts be requested for all meal purchases made on NOAB credit cards. Use of public funds for meal expenses should be limited to occasions where the expense was reasonable in accomplishing the specific business purpose. Itemized receipts for meals provide support for the number of people in attendance and provide support that public funds were not used for the purchase of prohibited items.

NOAB Comment: “Agree. See above responses to Finding/Recommendation #1 & #2. By June 30, 2012, we will review the new policies issued in January 2011 and recommend changes as may be needed for itemization of meal transactions.”

Finding # 5:

Background: NOAB credit card policy required that cardholders “not incur any charges for personal use.”²³ In those instances where charges were deemed personal, the Deputy Director of Finance & Administration requested a reimbursement from the cardholder for the amount in question.

Condition: The auditors noted thirty-seven transactions by the former Director and the former Chairman that were deemed fully or partly personal by the NOAB.²⁴ The NOAB made requests for the full amount of the personal expense on all thirty-seven transactions. The personal transactions totaled \$11,836²⁵, comprising approximately 3 percent and 12 percent, respectively of the former Director and the former Chairman’s total credit card transactions during the period tested (Table 5). See footnote twenty-five for transactions that were repaid by the former Director and former Chairman.

Table 5: Analysis of Personal Transactions on NOAB Credit Cards

Cardholder	Number of Credit Card Transactions Tested (A)	Total Dollar Value of Credit Card Transactions Tested (B)	Number of Transactions Ruled Personal by the NOAB (C)	Percentage of Transactions Deemed Personal by the NOAB (C)/(A)	Total Dollar Value of Transactions Deemed Personal (D)	Total Dollar Percentage of Transactions Deemed Personal (D)/(B)
Director - Former	504	\$81,470	14	3%	\$2,470	3%
Chairman - Former	167	\$77,915	23	14%	\$9,366	12%
Totals	671	\$159,385	37	6%	\$11,836	7%

²³ The NOAB adopted City of New Orleans Policy Memorandum No. 116 “Credit Card Issuance and Use” revised as of October 1, 2008, during the period tested.

²⁴ For purposes of this report, the thirty-seven transactions labeled personal charges include only those expenses which were deemed to be fully or partly personal by the Deputy Director of Finance & Administration.

²⁵ \$11,582 of the \$11,836 was eventually paid to the NOAB by the cardholders. The former Chairman did not reimburse NOAB for the \$254 portion of a Morton’s Steakhouse expense on his NOAB credit card that was later deemed personal (See Table 6 in Finding # 6). Finding # 7 analyzes the timing of reimbursement to NOAB for transactions on the former Director’s and former Chairman’s NOAB credit cards that were later deemed personal.

Of the thirty-seven transactions tested that were fully or partly personal, twenty-nine (78 percent) of those transactions were entirely personal. These entirely personal expenses on NOAB credit cards included airline tickets, car rentals, meals and a thousand dollar (\$1,000) cash advance. The total of the twenty-nine entirely personal purchases was \$10,571.

Recommendation: The NOAB should enforce the disallowance of personal charges on NOAB credit cards. All personal purchases on NOAB credit cards should be immediately paid to the NOAB in full.

NOAB Comments to Findings # 5, # 6 and # 7: *“Agree. The Board and the Executive Director adopted new credit card policies in January 2011. Under the new policies, the user of a credit card shall [n]ot incur any charges for personal use.’ These policies are being enforced. By June 30, 2012, we will review the new policies issued in January 2011 and recommend changes as may be needed to require prompt and full repayment of any expenditures that are deemed personal in nature. The Board will request remittance by the former Chairman of the outstanding amount not reimbursed (\$554.00) to the Board as noted in Finding #6.”*

Background for Findings 6 and 7: The Louisiana Attorney General opined that in any incident where a personal charge is made on a public credit card, the cardholder must remit payment to the public entity “as soon as possible after the charges are made and prior to receipt of the bill for payment by the public entity.”²⁶

Finding # 6:

Condition: The former Chairman did not reimburse the NOAB for certain personal expenses on NOAB credit cards. Partial reimbursement was made for one expense made on the former Chairman’s NOAB credit card and no reimbursement was made for another expense made on an NOAB Staff²⁷ credit card (Table 6). In both instances, the NOAB failed to explain why the Chairman did not reimburse the amount requested or why no further attempt was made to seek reimbursement.

Table 6: Personal Expenditures by the Former Chairman Not Reimbursed to the NOAB

Restaurant	Date of Purchase	Purchase Amount	Reason Provided for Purchase	Amount Deemed Personal by the NOAB	Amount Reimbursed to the NOAB	Amount not Reimbursed to the NOAB
Pascal’s Manale	3/5/10	\$600	Director elect dinner	\$300	\$0	\$300
Morton’s Steakhouse	3/6/10	\$1,108	Director elect dinner	\$554	\$300	\$254
Totals		\$1,708		\$854	\$300	\$554

²⁶ La. Attorney General Opinion No. 92-597.

²⁷ Observation # 5 notes that NOAB employees assigned an NOAB credit card in their name also made various purchases on NOAB Staff credit cards.

Recommendation: Personal expenses should not be charged on NOAB credit cards. Any outstanding requests for reimbursement for personal expenses should be paid in full to the NOAB immediately by the cardholder. Any outstanding amounts not reimbursed or only partially reimbursed should include support documenting why the full amount was not reimbursed by the cardholder. This supporting documentation should also include a signed approval by the Deputy Director of Finance & Administration or other designated official. Habitual abusers should be denied use of a credit card.

NOAB Comments to Findings # 5, # 6 and # 7: *“Agree. The Board and the Executive Director adopted new credit card policies in January 2011. Under the new policies, the user of a credit card shall [n]ot incur any charges for personal use.’ These policies are being enforced. By June 30, 2012, we will review the new policies issued in January 2011 and recommend changes as may be needed to require prompt and full repayment of any expenditures that are deemed personal in nature. The Board will request remittance by the former Chairman of the outstanding amount not reimbursed (\$554.00) to the Board as noted in Finding #6.”*

Finding # 7:

Condition: The NOAB was not reimbursed in a timely manner for personal expenses made on NOAB credit cards. Of the thirty-seven transactions totaling \$11,836 deemed personal by the NOAB²⁸, twenty-five (68 percent) of the reimbursements were paid to the NOAB after the monthly statement was received, with five being paid more than six months after the NOAB received the original statement (Table 7).²⁹

Table 7: Analysis of Employee Reimbursements to the NOAB for Personal Purchases on Credit Cards

Timing of Reimbursement for Personal Expense	Number of Personal Expenses Reimbursed	Dollar Amount of Reimbursements
Prior to receipt of monthly statement	12	\$ 1,817
Within 1 month of receipt of statement	11	\$ 3,323
> 1 month and < 6 months of receipt of statement	9	\$ 3,507
> 6 months of receipt of statement	5	\$ 2,935
Totals	37	\$ 11,582

Recommendation: Personal expenses should not be made on NOAB credit cards. All purchases that are deemed personal should be reimbursed to NOAB immediately with a check for the full amount. NOAB should clearly state this in an updated written credit card policy. Habitual abusers should be denied use of NOAB credit cards.

²⁸ Finding # 5 analyzes the thirty-seven transactions by the former Director and former Chairman that were deemed personal by NOAB.

²⁹ Employees and the Former Chairman with a credit card did not reimburse NOAB by check for personal charges on NOAB credit cards. Six of the former Chairman’s personal expenses totaling \$1,702 were not reimbursed to the NOAB by check. The reimbursements due to the NOAB were unpaid until they were eventually deducted from amounts later due to the former Chairman from the NOAB.

NOAB Comments to Findings # 5, # 6 and # 7: *“Agree. The Board and the Executive Director adopted new credit card policies in January 2011. Under the new policies, the user of a credit card shall ‘[n]ot incur any charges for personal use.’ These policies are being enforced. By June 30, 2012, we will review the new policies issued in January 2011 and recommend changes as may be needed to require prompt and full repayment of any expenditures that are deemed personal in nature. The Board will request remittance by the former Chairman of the outstanding amount not reimbursed (\$554.00) to the Board as noted in Finding #6.”*

Finding # 8:

Background: NOAB travel and business expense policy stated that “airfare is authorized at the lowest possible rate (e.g. economy or coach rate). Any exception must be approved by the CAO.”³⁰ Sixty-two of the transactions tested were airfare expenses for the former Director and the former Chairman. These transactions totaled \$53,367.

Condition: NOAB employees and the former Chairman did not purchase airline tickets at the lowest possible rate. The auditors were not provided with a detailed itinerary or other supporting documentation showing the class of ticket purchased. Therefore, the auditors could not determine how often NOAB travel policy was violated (Table 8). In one instance where a receipt was submitted, it was noted that one round-trip ticket to Dubai was purchased in first/business class totaling \$10,286. The former Chairman attended the 2008 World Trade Centers Association General Assembly on this Dubai trip.

Table 8: Analysis of Airfare Expenses

Cardholder	Number of Plane Tickets Purchased (A)	Total Dollar Amount of Transactions Tested (B)	Average Price Per Ticket (B)/(A)	Number of Transactions Lacking a Receipt (C)	Percentage of Transactions Lacking Receipts (C)/(A)	Dollar Value of Transactions Lacking Receipts (D)	Dollar Percentage of Transactions Lacking Receipts (D)/(B)
Director - Former	29	\$10,763	\$371	24	83%	\$8,177	76%
Chairman - Former	33	\$42,604	\$1,291	24	73%	\$25,526	60%
Totals	62	\$53,367	\$861	48	77%	\$33,703	63%

Recommendation: The NOAB should enforce its policy requiring cardholders to purchase tickets at the lowest possible rate. Comparison searches on discount websites should be included with the final invoice as support that tickets were purchased at the most cost-effective price.

³⁰ The NOAB adopted City of New Orleans Policy Memorandum No. 9 “Travel and Business Expenses” revised as of November 1, 2008, during the period tested.

NOAB Comment: “Agree, to the extent that it cannot be determined if the airfare was purchased at lowest possible rate. The Board and the Executive Director adopted new credit card policies in January 2011. Under the new travel policies, it provides that, the traveler shall use ‘reasonable effort to purchase the lowest airfare available.’ The policies also provide that any upgrade from “coach, economy or business class flights” is solely at the cost of the traveler. These policies are being enforced.”

Finding # 9:

Background: The Constitution of the State of Louisiana states that “funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.”³¹

Condition: NOAB credit cards were used to purchase tickets to fundraisers and sponsor events of organizations whose business is not directly associated with airport activities. These purchases may have been in violation of the Louisiana Constitution’s prohibition on donating public funds. There were fifteen transactions to attend and/or sponsor events of local organizations with no clear explanation of the business purpose of the expense in relation to airport operations. The auditors also noted four gift purchases during testing. The total of these nineteen transactions, which may have been in violation of use of public funds, totaled \$20,012 (Table 9).

Table 9: Sponsorship and Gift Transactions on NOAB Credit Cards

Cardholder	Organization/Vendor	Date of Purchase	Cost	Event/Description
Director - Former	New Orleans Jazz Gala	4/29/2008	\$5,000	(10) tickets to Jazz Fest Gala 2009
Director - Former	United Negro College Fund	5/11/2009	\$2,500	2009 Annual "Ball in the City"
Director - Former	Hispanic Chamber of Commerce	11/12/2008	\$1,500	(1) year membership
Director - Former	American Institute of Architects	10/31/2008	\$1,500	No explanation provided
Director - Former	American Heart Association	3/17/2008	\$1,000	(10) Seats @ Go Red for Women Luncheon
Director - Former	The Fundraiser	2/11/2008	\$600	(2) tickets to United Negro College Fund Ball
Director - Former	International Freight	5/18/2009	\$500	Sponsorship of International Freight conference
Director - Former	Audubon Zoo To Do	5/5/2008	\$310	(2) tickets to Zoo To Do
Director - Former	Jefferson Chamber of Commerce	6/1/2009	\$300	2009 Annual Seafood Boil
Director - Former	Jefferson Chamber of Commerce	6/2/2008	\$300	(5) tickets to Seafood Fling
Director - Former	EJGH Foundation	4/1/2008	\$250	Sponsorship of golf tournament
Director - Former	Crimestoppers, Inc	3/14/2008	\$100	(2) tickets Crimestoppers Award Luncheon
Director - Former	Jeff Dollars for Scholars	3/14/2008	\$100	(2) tickets Jefferson Dollars for Scholars Gala
Total Director			\$13,960	
Chairman - Former	New Orleans Jazz Gala	4/19/2010	\$5,000	(10) tickets to Jazz Fest Gala 2010
Total Chairman			\$5,000	
Deputy Director	Jazz Essence	2/19/2010	\$375	Gifts for Iraq Delegation
Total Deputy			\$375	
NOAB Staff	Jefferson Chamber of Commerce	1/19/2010	\$250	(2) tickets to Jubilation Gala 2010
NOAB Staff	AMC Clearview	8/15/2008	\$200	(8) gift cards - Gift to volunteers of AAAE
NOAB Staff	Revelle's Art and Frame	7/3/2010	\$126	Appreciation gifts for NOAB employees
NOAB Staff	Gambino's Bakery	8/30/2010	\$101	Cake for employee retirement
Total Staff			\$677	
	Total – All Cardholders		\$20,012	

³¹ La. Const. Art. VII, §14.

Recommendation: The NOAB should discontinue the practice of making donations and other contributions with NOAB operating funds. Funds should only be used for expenses directly related to airport activities.

NOAB Comment: *“Agree, to the extent that such transactions violate the Constitution of the State of Louisiana. Since January 2011, there have been no expenditures for participation at community related fundraisers and sponsor events that are not directly associated with airport business. We will review the new Business Expense Policy issued in January 2011 to determine if clarification would be necessary.”*

Finding # 10:

Background: The Louisiana Attorney General has stated that “public funds are not used for the purchase of alcohol”³² with the exception of “business lunches or dinners where there is a duty or obligation which serves an undisputed public purpose and public benefit, clients or customers from the private sector are the primary attendees, and where the expenditure is not disproportionate to the value of the public funds expended.”³³

Condition: Alcohol was purchased with public funds in instances that were not permitted by the Louisiana Attorney General’s opinions. An itemized receipt indicated that \$184 of alcohol was purchased with public funds for a Director-elect dinner at Morton’s Steakhouse.³⁴ The auditors also noted an additional four credit card transactions totaling \$252 at establishments that only serve alcohol.³⁵

Recommendation: The NOAB should consider revising its “Business Expense Policy” to prohibit alcohol purchases except when in compliance with the Louisiana Attorney General’s opinions. Any alcohol purchases on NOAB credit cards that are not in compliance with the Louisiana Attorney General’s opinions should be considered personal and should be reimbursed to the NOAB immediately by the cardholder.

NOAB Comment: *“Agree. By June 30, 2012, we will review the new Business Expense Policy and Travel and Business Expenses Policy each issued in January 2011 and recommend changes as may be needed to comply with State law and Attorney General opinions.”*

³² La. Attorney General Opinion No. 99-358.

³³ La. Attorney General Opinion No. 02-125.

³⁴ The Morton’s Steakhouse expense was also identified as a personal expense not reimbursed to NOAB. See Table 6 in Finding # 6.

³⁵ Alcohol purchases consisted of \$172 at ABC Store on the former Chairman’s NOAB Credit Card, and three purchases on NOAB Staff cards: \$26 at D.B.A., \$25 at D.B.A. and \$29 at Peabody Hotel Bar.

Finding # 11:

Background: City of New Orleans Vehicle and Equipment Policy stated that “all City employee/operator vehicles and equipment will use the City fuel facilities...for all normal operational fuel services, unless otherwise authorized by the Fuel Services Administrator.”³⁶

Condition: Although the NOAB had an onsite fueling and maintenance facility, there was no written policy requiring employees with take-home vehicles to fill their cars at this facility.

During testing of credit card transactions, the auditors noted ninety-three gas purchases at locations in the Greater New Orleans area by employees assigned take-home vehicles. The total of these gas purchases was \$5,932. Because the cars were not refueled at the airport’s onsite fuel facility, the auditors could not determine if the cars being fueled were airport vehicles or personal cars. The majority of the gas purchases were on the former Director’s NOAB credit card (Table 10).

Table 10: Gas Purchases on NOAB Credit Cards

Cardholder	Number of Gas Purchases in Greater New Orleans Area	Total Gas Purchases in Greater New Orleans Area
Director - Former	91	\$5,902
Deputy Director of Finance	2	\$30
Totals	93	\$5,932

Recommendation: The NOAB should consider updating its take-home vehicle policy and require that airport-owned vehicles be fueled at the onsite fueling facility when in the Greater New Orleans area.

NOAB Comment: *“Agree. There are only two (2) staff members with take-home vehicles. Neither of these staff members have credit cards. In an abundance of caution, we will review the new credit card policies of January 2011 and recommend changes to clarify that fueling of take-home vehicles must be performed at the Airport’s fueling facility when in the New Orleans area.”*

Finding # 12:

Background: The sample “Credit Card Policy” from the Louisiana Legislative Auditor’s website states that credit cards “not allow cash advances to be made.”³⁷

Condition: The auditors noted a December 17, 2009, transaction for a \$1,000 cash advance from SunTrust Bank on the former Chairman’s NOAB credit card. The former Chairman reimbursed the NOAB by check for \$1,000 on December 21, 2009, and \$30 in January 2010, for additional cash advance fees.

³⁶ The NOAB adopted City of New Orleans Policy Memorandum No. 5 “Vehicle and Equipment Policy” revised as of August 1, 2010, during the period tested.

³⁷ This information can be located at <http://www.la.state.la.us/localgovernment/bestpractices/>.

Recommendation: The NOAB should consider including in its credit card policy that cash advances are not permitted.

NOAB Comment: *“Agree, to the extent that such advance is not required for a legitimate business purpose. By June 30, 2012, we will review the new policies issued in January 2011 and recommend changes as may be needed concerning cash advances on credit cards.”*

III. CREDIT CARD ACTIVITY OBSERVATIONS

Observations are included in the report as comments for management to consider. An observation is not significant enough to be considered a finding and management is not requested to submit a corrective action for observations.

Observation # 1:

Background: Two hundred and eighty-one (281) or 35 percent of the 805 credit card transactions tested by auditors were for business meals with the majority of these meals involving multiple participants. For the former Director, this equated to almost three meals per week during the period tested.³⁸ Meals are not essential to conducting public business, and the expense should be avoided whenever possible. NOAB travel and business expense policy required that documentation submitted for official business expenses must include “a listing of participants if applicable.”³⁹

Credit card transactions tested, which provided a written explanation of the business expense, did not list the participants by name when applicable. The written explanations referred to the participants as “staff”, “board member”, “consultant”, etc. Minimal information was provided concerning the business nature of meal expenses, other than the type of meal during which the meeting took place (breakfast, lunch, or dinner).

Observation # 2: Cardholders often tipped excessively for meals. Table 11 includes examples of excessive tipping on meals purchased with public funds (all meals were purchased on the former Director’s NOAB credit card).⁴⁰

Table 11: Examples of Excessive Tipping on NOAB Credit Cards

Restaurant	Bill (A)	Tip (B)	% Tipped (B)/(A)	20% Of Bill (C)	Difference (B - C)
Ritz Carlton	\$943	\$300	32%	\$189	\$111
Grand Isle Restaurant	\$445	\$150	34%	\$89	\$61
GW Fins	\$457	\$150	33%	\$91	\$59
Westin Hotel	\$29	\$15	52%	\$6	\$9
IHOP	\$19	\$10	53%	\$4	\$6
Totals	\$1,893	\$625	33%	\$379	\$246

³⁸ During the period January 1, 2008 through his final credit card transaction on June 30, 2009, the former Director had 212 meal transactions totaling \$17,226 (See Finding # 4).

³⁹ The NOAB adopted City of New Orleans Policy Memorandum No. 9 “Travel and Business Expenses” revised as of November 1, 2008, during the period tested.

⁴⁰ Because 27 percent of meal transactions tested lacked a receipt and those receipts that were provided were not itemized copies (See Finding # 4), the auditors were unable to determine a total amount of tips charged on NOAB-issued credit cards.

Observation # 3:

Background: In addition to the NOAB credit cards assigned to individuals⁴¹, nine Staff credit cards associated with a single Staff account were issued to employees for pre-approved business expenses after submission⁴² and approval of a “Staff Credit Card Usage” form. The unwritten policy required the employee to return the card after each approved use.

The NOAB allowed Deputy Directors to retain possession of the staff credit cards indefinitely without following the unwritten policy.

Observation # 4: The NOAB incurred \$7,369 in finance and late charges as a result of late payments made on monthly credit card statements. These late fees and/or finance charges were incurred on all credit card accounts for the period tested (Table 12).⁴³

Table 12: Analysis of Late Fees and Finance Charges for the Period January 1, 2008 – October 31, 2010

Card Description	Total Credit Card Transactions	Total Dollar Value of Credit Card Transactions	Total Late Fees & Finance Charges
Director - Former	504	\$81,470	\$1,232
Director - Current	24	\$1,444	\$25
Chairman - Former	167	\$77,915	\$1,096
Deputy Director of Finance	124	\$26,883	\$428
NOAB Staff	2,248	\$374,976	\$4,588
Totals	3,067	\$562,688	\$7,369

Observation # 5: NOAB employees assigned an NOAB card in their name also made purchases on NOAB Staff account credit cards. Employees assigned a card in their name should not also have access to NOAB Staff cards.

⁴¹ Individual NOAB credit cards were assigned to the Director, former Board Chairman and Deputy Director of Finance and Administration.

⁴² The Staff credit cards were held by the Deputy Director of Finance & Administration and temporarily assigned to airport staff once the “Staff Credit Card Usage” form was submitted and approved.

⁴³ The auditors examined 100 percent of the monthly statements for the former Director, current Director, former Chairman, Deputy Director of Finance & Administration, and the NOAB Staff account for the period January 1, 2008 through October 31, 2010.

Observation # 6: Three meal purchases totaling \$333 contained a time stamp that did not corroborate the written explanation of the business expense provided on the Credit Card Reconciliation Report (Table 13). All three meals were purchased on the former Director's NOAB credit card.

Table 13: Transactions with Support Not Agreeing to Explanation of Expense

Vendor	Amount	Explanation Provided for Business Expense	Time Stamp Per Receipt	Day of Transaction Per Receipt
Superior Grill	\$ 80	Lunch meeting with consultant	5:32pm	Friday
Austin's Creole Kitchen	\$150	Lunch meeting with staff and board member	9:14pm	Saturday
Royal Sonesta Hotel	\$103	Breakfast meeting with consultant and staff	9:35pm	Wednesday
Totals	\$333			

Observation # 7:

Background: State and local governments have recently taken steps to improve spending transparency, such as posting monthly statements for public-funded credit cards online.

In January 2011 the airport began posting the Director's Board-approved monthly expense report online. However, the NOAB could further improve spending transparency by posting all monthly credit card statements online with account information redacted.

IV. CONCLUSIONS

The review of NOAB credit card activity resulted in twelve findings and seven observations related to the lack of internal controls over NOAB credit cards and the resulting waste and abuse by cardholding NOAB employees and the former Director and Chairman. The twelve recommendations for the findings within the report are intended to improve and clarify the NOAB's accounting policies and procedures in order to decrease the frequency of waste and abuse.

For the period January 1, 2008 through October 31, 2010, there were 3,067 credit card transactions incurred by NOAB employees and the former Chairman for a total of \$562,688. The auditors tested over 25 percent of all credit card transactions, including 100 percent of the former Director, current Director and former Chairman's transactions. Thirty-seven percent of the credit card transactions tested totaling \$80,057 did not have supporting documentation and 34 percent totaling \$71,102 lacked any written explanation of the business purpose of the expense.⁴⁴ Forty-three percent of transactions tested totaling \$116,924 lacked the required Credit Card Reconciliation Report. Although the majority of these exceptions were incurred on the former Director's and the former Chairman's NOAB credit cards, auditors noted improper spending on all twelve credit cards tested even when the transactions were approved in accordance with existing NOAB credit card and business expense policies.

The auditors noted that proper review and approval procedures were not in place for employees and Board members with access to credit cards. This condition led to an overall lack of support for credit card transactions as well as inadequate written explanations for expenses in instances when an explanation was provided. Credit card purchases, such as alcohol and tickets to fundraisers, should not have been paid for with public funds and were in possible violation of the Louisiana Constitution. Additionally, employees and the former Chairman often made entirely personal purchases on NOAB credit cards and did not reimburse the NOAB in a timely manner when credit card purchases were later deemed personal.

As a result of the review, the auditors concluded that controls over credit card usage did not operate effectively and that existing policies were not enforced for the period tested. Updated NOAB credit card and business expense policies, as well as proper enforcement of the policies by the NOAB, would improve internal controls and prevent fraud, waste and abuse.

The auditors noted that after the current Director took office on May 24, 2010, monthly credit card balances for all NOAB credit cards decreased significantly for the period tested through October 31, 2010.⁴⁵ In its response to this report, the NOAB agreed with all twelve findings and stated that the resulting recommendations will be fully adopted into the NOAB's policies by June 30, 2012.

⁴⁴ Transactions lacking support may have also occurred in transactions lacking written explanations.

⁴⁵ None of the questionable transactions listed in Finding # 9, nor any of the personal transactions discussed in Finding # 5 were attributed to the current Director during the period tested.

V. APPENDIX

Summary of Findings for NOAB Credit Card Accounts

Location in Body of Report	Director - Former	Director - Current	Board Chairman - Former	Deputy Director of Finance	NOAB Staff	Totals By Finding
Finding # 1: Purchases Lacking Support	\$34,048		\$45,984		\$25	\$80,057
Finding # 2: Purchases Lacking Explanation ⁴⁶	\$38,486		\$32,563	\$26	\$27	\$71,102
Finding # 3: Purchases Lacking a Report ⁴⁷	\$38,486		\$77,815	\$26	\$597	\$116,924
Finding # 4-A: Meals Lacking a Receipt ⁴⁸	\$2,863		\$1,934			\$4,797
Finding # 4-B: Meals Lacking a Business Purpose ⁴⁹	\$3,198		\$617			\$3,815
Finding # 5: Personal Purchases	\$2,470		\$9,366			\$11,836
Finding # 6: Unreimbursed Personal Purchases			\$ 554			\$554
Finding # 8: Airfare Lacking Support	\$8,177		\$25,526			\$33,703
Finding # 9: Gifts & Sponsorships	\$13,960		\$5,000	\$375	\$677	\$20,012
Finding # 10: Alcohol Purchases			\$ 356		\$80	\$436
Finding # 11: Gas Purchases	\$5,902			\$30		\$5,932
Finding # 12: Cash Advances			\$ 1,030			\$1,030

⁴⁶ Many of these transactions were also included in Finding # 1.

⁴⁷ Ibid.

⁴⁸ Meals lacking a receipt were included in Table 4-A and meals lacking a business purpose were included in Table 4-B. Many of the transactions in Table 4-B were the same ones that had an exception in Table 4-A.

⁴⁹ Ibid.

VI. OFFICIAL COMMENTS FROM NEW ORLEANS AVIATION BOARD

City Code Ordinance 2-1120 section (8)(b) "Prior to concluding an audit or evaluation report, which contains findings as to the person or entity which is the subject of the audit or evaluation, the Office of Inspector General shall provide the affected person or entity with an Internal Review Copy of the report. Such person or entity shall have 30 days from the transmittal date of the report to submit a written explanation or rebuttal of the findings before the report is finalized, and such timely submitted written explanation or rebuttal shall be attached to the finalized report."

An Internal Review Copy of this report was distributed to the NOAB on January 19, 2012, to provide an opportunity to comment on the report prior to the public release of the Final Report. The NOAB's comments were due and received on February 17, 2012. The NOAB's comments are included in the body of this report behind each finding and in its entirety behind this Section.



February 17, 2012

Mr. Ed. R. Quatrevaux
Inspector General
Office of Inspector General
City of New Orleans
525 St. Charles Avenue
New Orleans, LA 70130-3049

RE: Management Response to Review of the New Orleans Aviation Board's Credit Card Activity

Dear Mr. Quatrevaux:

This letter acknowledges receipt of the "A Review of the New Orleans Aviation Board's Credit Card Activity" (OIG-A&R-11REV004) issued February 13, 2012 ("Review"). Attached please find the Management Response to the Review.

Should you or your staff have any questions or wish to discuss our plans to address the findings and recommendations, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "I. Ahmad".

Iftikhar Ahmad
Executive Director

Attachments

cc: NOAB Board Chairman and Members
NOAB Executive Staff
Eileen S. Andrus, Deputy IG for Audit and Review
Dan Pattison, Forensic Auditor

**Management Response to
City of New Orleans Office of Inspector General
Review of the New Orleans Aviation Board's Credit Card Activity (OIG-A&R-11REV004)
Issued February 13, 2012**

Background

In May 2012, the New Orleans Aviation Board (Board) retained a new Executive Director. The Board Chairman and the Board's Finance Committee Chair asked the new Executive Director in August 2010 to complete several audits, including an audit of the credit card and travel expenses of the organization. In the Executive Director's 100 Day Report of September 15, 2010 (copy attached), he recommended audits be completed and identified significant system risks, including lack of policies, procedures and internal controls. In addition, the Executive Director cited lack of staff to conduct the core business of the organization. This employment level was the result of the reduction of staff post-Katrina to a mere 110 employees as compared to other medium-hub US airports has an employee compliment of about 300 personnel.

The Board commissioned an audit review by Harold Asher, LLC on credit card and travel expenses. On January 12, 2011, Harold Asher LLC issued report on credit card and travel expenses (copy attached). The Board took immediate action after review of the Asher report, implementing many of the recommendations. The actions taken by the Board and Executive Director in regards to credit card use included:

- January 20, 2011 – Board approved the “Credit Card Issuance and Use” and “Travel and Business Expense” policies applicable to Board Members and the Executive Director.
- January 27, 2011 – Executive Director issued a “Credit Card Use Policy,” “Travel Policy” and “Business Expense Policy” each of which are applicable to all staff.
- In January 2011, the Airport website was updated to include a specific page to make the organization more transparent (<http://www.flymsy.com/transparentMSY>) by posting audits and financial statements.
- Beginning in January 2011, the Executive Director's monthly expenditures are approved by the Board Chairman at the Board's monthly meetings and thereafter posted on the Airport website (<http://www.flymsy.com/transparentMSY>).
- The number of credit cards issued to Board Members and staff was reduced from six (6) in 2009 to one (1) in 2011.
- Expenditures for participation at community related events (e.g., donations, fundraisers) not directly related to airport business were reduced from approximately \$18,000 during 2008-2009 to \$0 in 2011.

In a further effort to increase transparency, the Board has invited the City of New Orleans Office of Inspector General (OIG) to perform additional audits of the organization.

Response to Findings

The response to the OIG's findings/recommendations contained in the "Review of the New Orleans Aviation Board's Credit Card Activity" (Review) is taken in the order in which they were presented.

Finding/Recommendation #1

Agree, to the extent that supporting documentation was not located to support credit card transactions. The Board and the Executive Director adopted new credit card policies in January 2011 that require the user of a credit card to maintain and submit "receipts for all purchases, as well as packaging receipts, ordering documents or documentation that includes the description of items and prices in which a receipt is not generated" for each transaction. These policies are being enforced.

Finding/Recommendation #2

Agree, to the extent that supporting documentation was not located that stated a business purpose for each credit card transactions. The Board and the Executive Director adopted new credit card policies in January 2011 that require the user of a credit card to submit an "explanation for each charge incurred". These policies are being enforced.

Finding/Recommendation #3

Agree. The Board and the Executive Director adopted new credit card policies in January 2011. Under the new policies, the Executive Director's expenditures are reviewed and approved monthly by the Board Chairman; and, for staff, the user must submit the "receipt and explanation for each transaction to their respective Deputy Director and/or Director for review and approval, in advance of routing" to the Finance Department for further processing. These policies are being enforced.

Finding/Recommendation #4

Agree. See above responses to Finding/Recommendation #1 & #2. By June 30, 2012, we will review the new policies issued in January 2011 and recommend changes as may be needed for itemization of meal transactions.

Finding/Recommendation #5, #6 & #7

Agree. The Board and the Executive Director adopted new credit card policies in January 2011. Under the new policies, the user of a credit card shall "[n]ot incur any charges for personal use." These policies are being enforced. By June 30, 2012, we will review the new policies issued in January 2011 and recommend changes as may be needed to require prompt and full repayment of any expenditures that are deemed personal in nature. The Board will request remittance by the former Chairman of the outstanding amount not reimbursed (\$554.00) to the Board as noted in Finding #6.

Finding/Recommendation #8

Agree, to the extent that it cannot be determined if the airfare was purchased at lowest possible rate. The Board and the Executive Director adopted new credit card policies in January 2011. Under the new travel policies, it provides that, the traveler shall use “reasonable effort to purchase the lowest airfare available.” The policies also provide that any upgrade from “coach, economy or business class flights” is solely at the cost of the traveler. These policies are being enforced.

Finding/Recommendation #9

Agree, to the extent that such transactions violate the Constitution of the State of Louisiana. Since January 2011, there have been no expenditures for participation at community related fundraisers and sponsor events that are not directly associated with airport business. We will review the new Business Expense Policy issued in January 2011 to determine if clarification would be necessary.

Finding/Recommendation #10

Agree. By June 30, 2012, we will review the new Business Expense Policy and Travel and Business Expenses Policy each issued in January 2011 and recommend changes as may be needed to comply with State law and Attorney General opinions.

Finding/Recommendation #11

Agree. There are only two (2) staff members with take-home vehicles. Neither of these staff members have credit cards. In an abundance of caution, we will review the new credit card policies of January 2011 and recommend changes to clarify that fueling of take-home vehicles must be performed at the Airport’s fueling facility when in the New Orleans area.

Finding/Recommendation #12

Agree, to the extent that such advance is not required for a legitimate business purpose. By June 30, 2012, we will review the new policies issued in January 2011 and recommend changes as may be needed concerning cash advances on credit cards.

**NEW ORLEANS AVIATION BOARD (NOAB)
CITY OF NEW ORLEANS**

BUSINESS EXPENSE POLICY

I. PURPOSE

This policy is published to improve internal controls by the establishment of official business expense policy for New Orleans Aviation Board (NOAB) Authorized Persons for official NOAB and Louis Armstrong New Orleans International Airport (MSY) business.

II. DEFINITIONS

A. AUTHORIZED PERSON(S).

The Executive Director (Director) and those persons designated by the Director as an authorized person.

B. BUSINESS EXPENSE.

Those expenses by Authorized Persons related to conducting official NOAB and/or MSY business.

C. RECEIPTS AND DOCUMENTATION.

Records of expenditures to support the Business Expense associated with official MSY business travel.

III. OFFICIAL BUSINESS EXPENSES

A. Business Expenses are limited to those reasonable and legitimate costs necessary or related to the operations or development of business at MSY. Business Expenses include, legal or job advertisements, travel arrangements for job applicants, air service development events or items, participation at local, regional, state or national aviation or business development events that attendance by NOAB employees is beneficial or necessary, expenses for meetings with external stakeholders that will advance the strategic initiatives of NOAB and/or MSY, and such other costs as may approved by the Director. Business Expenses do not include costs of a personal nature or for personal benefit.

B. All Business Expenses must have supporting receipts and documentation.

C. Prior approval by Director is required before incurring any Business Expense.

IV. ENFORCEMENT

The Finance and Accounting Department is responsible for insuring that adequate receipts and documentation are provided by the Authorized Person. No advance of funds will be provided for any approved Business Expense. An NOAB staff credit card may be used for approved Business Expenses in accordance with Credit Card Use Policy or the Authorized Employee will be reimbursed for the approved Business Expense provided receipts and documentation is provided.

V. INQUIRIES

Inquiries regarding this Policy may be addressed to the NOAB Human Resources Manager.

**NEW ORLEANS AVIATION BOARD (NOAB)
CITY OF NEW ORLEANS**

CREDIT CARD USE POLICY

I. PURPOSE

The purpose of this Policy is to establish an efficient and effective policy and procedure for the use of New Orleans Aviation Board (NOAB) staff credit cards (issued in the name of “NOAB Staff”) by NOAB employees for the purchase of goods and services.

II. STATEMENT OF POLICY

It is the intent of this policy to enable NOAB employees to purchase items with the convenience of a staff 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 Finance and Accounting Department (Finance) is responsible for securing and providing staff credit cards for use by NOAB employees. All staff credit cards will be insured with fraud protection and loss coverage and will be issued in the name of “NOAB Staff.”

IV. GUIDELINES FOR USE AND RECONCILIATION

- A. Finance must ensure proper maintenance of all staff credit cards, prompt reconciliation of monthly statements and proper budgetary controls.
- B. Finance will ensure that all cards lost or stolen are reported immediately to the staff credit card company and the Executive Director (Director).
- C. Purchases on the NOAB staff credit card is limited to travel expenses in accordance with the Travel Policy (e.g., to purchase transportation, lodging, conference registration) and Business Expenses as defined in the Business Expense Policy. No other use of the staff credit card is permitted. Purchase of items that are personal in nature are strictly prohibited.
- D. Finance will provide the necessary training on proper use of the credit cards for authorized purposes.
- E. Any outstanding travel overpayment due to NOAB from an employee who has resigned or retired will be deducted from either the final or terminal leave disbursement check.

- F. Finance will review and approve the monthly statement as well as receipts and purchase logs to verify that purchases are for NOAB and Louis Armstrong New Orleans International Airport (MSY) travel or business expenses in accordance with the Travel Policy and Business Expense Policy.
- G. Upon approval, Finance shall forward within fifteen (15) days of receipt of billing, copies of receipts and detail/purpose of expenditures to Director for approval of payment.
- H. Finance will review monthly statements to verify the accuracy of all purchases listed. If inaccuracies are found, Finance shall contact the staff credit card company to review and/or attempt to resolve the matter with the vendor and/or resolve the matter with the employee that used the staff credit card for the specific purchase.

V. USER RESPONSIBILITIES

Any use of the NOAB credit cards shall be for the purchase of authorized goods and services and business related expenses in strict compliance with this Policy, Business Expense Policy and the Travel Policy.

The user of any NOAB staff credit card shall:

- A. Ensure the staff credit card is used solely for legitimate NOAB/MSY travel and/or approved business related expenses in accordance with the Travel Policy and Business Expense Policy.
- B. Maintain the staff credit card in a secure location at all times, while in possession of it.
- C. Not allow other individuals access to or use of the credit card.
- D. Not incur any charges for personal use.
- E. Use the staff credit card within the limits of this Policy, Business Expense Policy and the Travel Policy.
- F. Maintain and submit 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.
- G. Submit a receipt and explanation for each charge incurred to the respective Deputy and/or Director for review and approval, in advance of routing to Finance.

H. If the staff credit card was stolen, the employee shall immediately report to Finance so the particular account can be closed.

I. Return the staff credit card to Finance immediately upon completion of the transaction(s) for which the staff credit card was given to the employee.

VI. CARD MISUSE

Any employee suspected of having misused a staff credit card with the intent to defraud NOAB 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.

VII. ENFORCEMENT

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

VIII. INQUIRIES

Questions regarding this policy may be addressed to the NOAB Deputy Director and Chief Financial Officer.

**NEW ORLEANS AVIATION BOARD (NOAB)
CITY OF NEW ORLEANS**

CREDIT CARD ISSUANCE AND USE

I. PURPOSE

The purpose of this memorandum is to establish an efficient and effective policy and procedure for the use and issuance of credit cards to NOAB Board members and its Executive Director for the purchase of goods and services.

II. STATEMENT OF POLICY

It is the intent of this policy to enable NOAB Board members and its Executive Director to purchase items with the convenience of a credit card, while providing means of maintaining control over those purchases.

III. DESCRIPTION OF CREDIT CARD AND AUTHORIZED CREDIT LIMITS

The Members of Board and the Board's Executive Director may use NOAB issued credit cards to purchase goods and services. The NOAB's Department of Finance and Administration will be responsible for securing and issuing credit cards to assigned NOAB Board members and its Executive Director with appropriate credit limit.

IV. REQUEST FOR ISSUANCE

Request for issuance of a credit card(s) shall be made to the Board's Chairperson. Upon approval, the NOAB's Department of Finance and Administration shall have a credit card issued in the name of the designated person. Authorized credit card users are required to sign the Credit Card Holder Agreement prior to the issuance of a NOAB credit card. (**Attachment A**).

V. APPOINTING AUTHORITY GUIDELINES FOR ISSUANCE, USE AND RECONCILIATION

- a.** Upon issuance, NOAB's Department of Finance and Administration must ensure that NOAB Board members and its Executive Director 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. The credit card number, expiration date and credit limit must be recorded. A copy of this form must be retained in Department of Finance and Administration files.
- b.** The appointing authority or his/her designated representative must ensure proper maintenance of the card, prompt reconciliation of monthly statements and proper budgetary controls.

- c. The appointing authority or designated representative must ensure that all cards lost or stolen are reported immediately to the credit card company and the NOAB's Department of Finance and Administration.
- d. The appointing authority or designated representative must provide the necessary training on proper use of the credit cards.
- e. The card holder must notify the Department of Finance to terminate the use of a credit card in case of separation from NOAB.
- f. The NOAB's Chairperson shall review and approve the monthly statement as well as receipts and purchase logs to verify that purchases are for business related expenses. Only NOAB's business-related expenses shall be charged to the NOAB issued credit card. Purchases for items that are personal in nature through NOAB issued credit card are strictly prohibited.

VI. CARDHOLDER RESPONSIBILITIES

The cardholder will utilize the credit card for the purchase of authorized goods and services and business related expenses.

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 NOAB's credit card.
- d. Not incur charges above the approved credit card limit.
- e. Not incur any charges for personal use.
- f. 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.
- g. 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.
- h. 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.

- i.** Immediately notify the credit card company, the Board Chairperson or designated representative, and the NOAB's Department of Finance, if the credit card is lost or stolen. If the credit card was stolen, a report should be filed with the proper law enforcement agency.

- j.** Return the credit card to the NOAB's Department of Finance and Administration upon separation from NOAB.

**New Orleans Aviation Board
City of New Orleans**

TRAVEL AND BUSINESS EXPENSES POLICY

I. PURPOSE

This policy memorandum is published to improve internal controls by the establishment of official Board business travel guidelines for its Board Members and its Executive Director for out of State and International Travel.

II. DEFINITIONS

AUTHORIZED PERSON(S).

The person(s) the NOAB's Finance Committee deems an authorized traveler for official Board business, subject to signature approval by the Chairperson of the Board or his/her designee. In the event travel will take place prior to the next regular meeting of the Finance Committee, the Finance Chairperson can authorize the travel.

CONFERENCE AND CONVENTION.

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

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.

INTERNATIONAL TRAVEL.

Travel outside the 50 United States and its territories.

RECEIPTS AND DOCUMENTATION.

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

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. Any adjustments to these dates should be noted on travel documents.

III. TRAVEL GUIDELINES

Conference Registration Fees

Registration Fees associated for official city business travel must be included with the Travel Authorization form and approved by the NOAB Board Finance Committee and signed by the Chairperson of the Board or his/her designee.

Airfare

1. Board Members and the Executive Director shall make a reasonable effort to purchase the lowest airfare available. An upgrade from coach, economy or business class flights are solely at the cost of the traveler.
2. 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.
3. International flight arrangements must be supported by the stated documentation as Out-Of-State travel.

Privately Owned Vehicles

Employees may use privately 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 Finance Committee with signature from the Board Chairperson or his/her designee. A signed justification for travel by private vehicle must accompany the Travel Authorization Form.

Mileage Reimbursement

Mileage must be computed 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 mileage rate is set at the Internal Revenue Service approved rate, adjusted annually.

Ground 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.

Credit Card Use

Authorized employees may use a NOAB issued credit card to purchase airline tickets, lodging, transportation, and eligible expenses related to official Board 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 traveler and Finance Committee Chair.

- B. Copies of the approved TAF must be retained in the NOAB's Finance Department 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.
- B. Travel advances shall be for a specific individual and to a specific destination only. In case of cancellation of travel, the travel advance payment must be returned.
- C. Travel advance checks shall not be drafted to any individual other than the employee named on the Travel Authorization documents.
- D. Non-refundable ticket, if purchased for travel and not used must be returned to the Board for other possible use before the expiration period allowed by the airline.
- E. Individual may secure travel arrangements such as airfare, hotel accommodations and registration fees by using a personal credit card, if NOAB credit card is not used. Written proof from the airline, hotel, and registration fees must be produced to the NOAB's Finance Department.

VI. ELIGIBLE REIMBURSEMENT TRAVEL EXPENSES

- A. Expenses such as airfare, hotel accommodations, hotel Internet services are eligible expenses. Hotel laundry services will be reimbursed only if the authorized employee's travel period extends beyond seven (7) days.
- B. Mileage under the guidelines set forth by this policy when using a privately owned vehicle.
- C. Operating expenses such as gasoline for the pre-approved use of a city owned or privately owned vehicle for travel is eligible. However, mechanical failure of privately owned vehicles due to improper or infrequent vehicle maintenance is not subject to reimbursement.

VII. INELIGIBLE REIMBURSEMENT TRAVEL EXPENSES

- A. Expenses not supported by receipts or other justifiable proof of expense approved by the Board Chair will not be reimbursed.
- B. Expenses charged to the NOAB issued credit card which are deemed ineligible and are not within the guidelines of this policy will not be paid by the Board; and therefore, will be the responsibility of the individual employee.

- C. Gasoline purchases beyond the expiration of the travel period will not be reimbursed.
- D. Grounds transportation which is not related to the specified travel purpose will not be reimbursed.
- E. Overweight luggage fees will not be reimbursed unless they result from the transportation of business materials and/or equipment required for travel.
- F. Laundry services will not be reimbursed for a travel period of less than seven (7) days.
- G. Separate flight insurance policies will not be reimbursed.

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 individual.
- B. The Travel Expense Form must be filed with supporting documentation of expenses no later than ten (10) calendar 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) calendar days of the travel period expiration.
- D. Board Members and the Executive Director are eligible for reimbursement of funds used for official entertainment, if not charged to a city issued credit card.

**NEW ORLEANS AVIATION BOARD (NOAB)
CITY OF NEW ORLEANS**

TRAVEL POLICY

I. PURPOSE

This policy is published to improve internal controls by the establishment of official business and travel guidelines for all authorized New Orleans Aviation Board (NOAB) employees for official Louis Armstrong New Orleans International Airport (MSY) business.

II. DEFINITIONS

A. AUTHORIZED PERSON(S).

The NOAB employee(s) deemed as an authorized traveler for official MSY 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 MSY 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. Any adjustments to these dates should be noted on travel documents and must be approved, in advance, by the respective Deputy and/or the Director.

III. TRAVEL GUIDELINES

A. Lodging Rates

A conference rate should be used, if available. Otherwise, employees are required to seek a government rate or the lowest possible nightly rate for a standard single occupancy room.

B. Conference Registration Fees

Registration Fees associated for official MSY business travel must be included with the Travel Authorization form and approved by the respective Deputy or Executive Director (Director) to whom the requesting employee reports.

D. Airfare

1. Employees shall make a reasonable effort to purchase the lowest airfare available. Upgrades from coach, economy or business class flights are solely at the cost of the employee.
2. 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.
3. International flight arrangements must be supported by the stated documentation as Out-Of-State travel.

E. Per Diem

Employees approved for official city business travel will be provided with a Per Diem of Fifty Eight Dollars (\$58) per day during the travel period. The per diem for international travel is provided at a rate Eighty Five Dollars (\$85) per day. If the departure time at the beginning of the travel period is 6:00 p.m. or later, the per diem will be Twenty Nine Dollars (\$29) for that day. If the employee returns to New Orleans before noon on the last day of the travel period, the last day of per diem will be Twenty Nine Dollars (\$29) for that day.

F. Vehicle Rental

Prior approval must be obtained by the respective Deputy and/or Director to whom the employee reports for vehicle rental and insurance during the travel period. If approved, an employee is authorized to rent a vehicle and will only be reimbursed the cost of a compact car, unless a larger vehicle is required to transport three or more authorized employee travelers (and it is noted and approved on the Travel Authorization Form).

G. Rental Vehicle Insurance

Authorization for vehicle rental also provides reimbursement 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. NOAB-Owned Vehicles
NOAB-owned vehicles may be used for travel with prior approval of the respective Deputy or Director, provided that the travel distance is less than 500 miles from MSY and if said use is the most cost effective means of travel.
- I. Privately Owned Vehicles
Employees may use their private vehicle for travel provided that the travel distance is less than 500 miles from MSY and if said use is the most cost effective method. The use of a privately owned vehicle for official MSY business travel must be pre-approved by the respective Deputy and/or Director. Justification signed by the employee for use of the privately owned vehicle must accompany the Travel Authorization Form. If approved, the employee is responsible for all operating expenses associated with the travel by privately owned vehicle.
- J. Mileage Reimbursement
Employees approved to use a private vehicle, is entitled to mileage reimbursement. Mileage must be computed by using Map Quest or Google Maps to obtain the distance from MSY to the travel destination. The mileage rate is set at Fifty Five Cents (\$0.55) per mile in accordance with the Internal Revenue Service approved rate.
- K. Ground 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 NOAB credit card to purchase airline tickets, conference registration, lodging and transportation related to official MSY 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 the respective Deputy and, if the travel expenditure will exceed One Thousand Dollars (\$1,000), it must also be signed by the Director.
- B. The TAF must be signed by the Director for any travel by a Deputy.
- C. Copies of the approved TAF must be retained in official travel files of the NOAB 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 by an employee using a payment document accompanied by a properly signed TAF. The payment document and signed TAF must include itemized documentation (i.e., secured airline tickets, hotel accommodations, registration fees, etc.) of all funds requested.
- B. An authorized employee may receive, in advance, the per diem per day for the Travel Period.
- C. An authorized employee may receive the cost of airfare in advance provided the guidelines described in Section III are followed.
- D. An authorized employee may receive the cost of conference or convention registration fees in advance, if applicable.
- E. An authorized employee may receive the cost of a rental vehicle (excluding vehicle rental insurance) in advance provided the guidelines described in Section III (F) are followed.
- F. An authorized employee is responsible for incidental travel expenses that are not covered by this Policy.
- G. 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 within fifteen (15) days.
- H. Travel advance checks shall not be drafted to any employee other than the employee named on the TAF.
- I. Non-refundable ticket, if purchased for travel and not used, must be returned to the NOAB for other possible use before the expiration period allowed by the airline.
- J. 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 TAF. The amount received with a travel advance must be included in the Travel Expense Account form.
- K. Only the items expressly written within this Section V 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. Checked baggage fees are eligible with submission of a receipt.

- B. Hotel accommodations are eligible provided the employee has complied with the guidelines for securing said accommodations.
- C. Hotel Laundry services will be reimbursed only if the authorized employee's travel period extends beyond seven (7) days.
- D. Hotel Internet services will be reimbursed, if approved in advance by the respective Deputy and/or Director on the TAF.
- E. If an authorized employee does not have an NOAB-issued mobile device, hotel communication services (phone calls) will be reimbursed. The maximum amount of reimbursement for hotel communication service is five dollars (\$5.00) during the Travel Period.
- F. Mileage under the guidelines set forth by this Policy when using a privately owned vehicle. Operating or mechanical failure of privately owned vehicle is not subject to reimbursement.
- G. Employees shall be reimbursed for the cost of fuel used during the Travel Period, provided receipts are supplied. Reasonable efforts shall be used to fully fuel NOAB vehicles prior to departure. Operating or mechanical failure of NOAB vehicles (e.g., flat tire repair, towing) is also subject to reimbursement, if properly documented.
- H. 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.

VII. INELIGIBLE REIMBURSEMENT TRAVEL EXPENSES

- A. Approved expenses not supported by receipts or other justifiable proof of the expense shall not be reimbursed.
- B. Upgrades for airfare or hotel accommodations at the expense of NOAB 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 TAF and must be approved by the respective Deputy and/or Director in advance of purchase.
- C. 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 Director.
- D. Expenses charged to the NOAB issued credit card which are deemed ineligible and are not within the guidelines of this Policy will not be paid or reimbursed by NOAB; and therefore, will be the responsibility of the employee.

- E. Gasoline purchases beyond the expiration of the travel period will not be reimbursed.
- F. Ground transportation costs which are not related to the specified travel purpose will not be reimbursed.
- G. The cost of food or meals that exceed the per diem will not be reimbursed.
- H. Overweight luggage fees will not be reimbursed unless they result from the transportation of business materials and/or equipment required for travel.
- I. Laundry services will not be reimbursed for a travel period of less than seven (7) days.
- J. Separate flight insurance policies will not be reimbursed.

VIII. TRAVEL INSURANCE POLICY

- A. The City provides a blanket air travel insurance policy for NOAB employees. This policy will cover all employees who travel on NOAB business provided the employees receive prior approval for travel.
- B. The air travel policy covers NOAB 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 NOAB employee shall receive the insurance payments, unless a specific beneficiary is designated. Designation of a specific beneficiary may be included on the TAF.
- D. Reimbursement will not be made by NOAB to any employee who purchases flight insurance.

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 (excluding per diem).
- 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 Expense Form and supporting documentation will result in forfeiture of any reimbursement that may be due to the employee.

- C. The reconciliation of travel expenses that results in overpayment by NOAB requires that the employee reimburse NOAB within ten (10) days of the travel period expiration.

X. OFFICIAL BUSINESS EXPENSE

All expenses, except the per diem, must have supporting receipts attached to the Travel Expense Form. Lack of compliance to policies will be referred to the Director and may result in disciplinary action, up to and including termination.

XI. ENFORCEMENT

The Finance and Accounting Department 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 Deputy for the authorized employee and/or Director if receipts are insufficient or not included with the appropriate forms.

XII. INQUIRIES

Inquiries regarding this Policy may be addressed to the NOAB Human Resources Manager.

TRAVEL AUTHORIZATION FORM (TAF)

- 1. Name of Employee: _____
- 2. Name of Agency: New Orleans Aviation Board
- 3. Purpose of Travel: _____
- 4. Destination: _____
- 5. Number of Days in Travel Status: _____
Mode of Transportation: _____
- 6. Source of Funds: _____

7. Itinerary While in Travel Status:

	DATE	LOCATION	PHONE
a.	_____	_____	_____
b.	_____	_____	_____
c.	_____	_____	_____

8. Additional Comments: _____

9. I do hereby designate _____
(name of beneficiary)
whose address is _____
and whose relationship to me is that of _____ as my beneficiary.

Signature of Employee

Approved:
 Disapproved: _____
Deputy Director

Approved:
 Disapproved: _____
Director of Aviation

