

EXECUTIVE SUMMARY

In July 2009, the Office of Inspector General (OIG) issued “Interim Recommendations for the Policy Memorandum No. 5 (R) Revised and Issued on April 2009 in Response to the OIG’s Interim Report on the Management of the Administrative Fleet,” (the 2009 Report) which made recommendations concerning the City’s revision of its Policy Memorandum No. 5(R) (“Vehicle and Equipment Policy”)¹. In the response received from the City dated August 20, 2009 (“City Response”), the former CAO² stated that management had “implemented additional guidelines to address some of the findings in the MIR”³. The OIG, as a matter of policy, conducted a follow-up⁴ to that report to determine the status of the City’s compliance with the responses to the eight recommendations in the 2009 report⁵.

The follow-up revealed that the City did not implement seven of the eight recommendations that were addressed in its response. One of the eight findings (Finding #7) did not require a follow-up because the City did not agree with the finding and therefore did not provide a corrective action.

The City did not report income or tax liabilities related to take-home vehicles as required by the IRS. (Findings # 1 & 2). The City’s consultant estimated the tax liability for the additional Federal income taxes, FICA taxes, interest and penalties for failure to report income related to take-home vehicles was \$1,052,225⁶. Additionally, the City did not document the personal use and fuel consumption properly for each take-home assignment. (Findings # 3, 4 & 5). The City’s take-home use charge was inadequate to cover the fringe benefit for all employees with a take-home vehicle. (Finding # 6). The City did not verify that the driver of a take-home vehicle had adequate personal insurance coverage to protect the City from unnecessary financial exposure. (Finding # 8).

The OIG will perform a second follow-up on the City responses prior to yearend.

Report or Policy Issued	Date issued	Issued in Response to:
City Policy Memorandum 5(R) (1st revision)	April 28, 2009	OIG Administrative Vehicle Fleet Interim Report, December 2008
OIG Interim Recommendations for Policy Memorandum No.5(R)	July 8, 2009	City Policy Memorandum 5(R), revised on April 28, 2009 (1st revision)
City Policy Memorandum No.5(R) (2nd revision) ⁷	August 1, 2010	OIG Interim Recommendations for Policy Memorandum No.5(R)

¹ Policy Memorandum # 5(R) was a corrective action from the City’s response to the Interim Report on the Management of the Administrative Vehicle Fleet released in December of 2008. 5(R) is a comprehensive “Vehicle and Equipment Policy” which combined outdated CAO Policies 5(R) and 40(R), effective as of April 28, 2009.

² The former CAO served under Mayor Ray Nagin.

³ The MIR refers to the July 2009 report.

⁴ The City issued a second revision to Policy Memorandum #5(R), effective August 1, 2010, which the OIG used during follow-up testing.

⁵ The City issued a third revision to Policy Memorandum #5(R), effective March 1, 2012. This revision will be used at the 2013 follow-up to the City’s uncorrected responses.

⁶ This computation included the City and employee’s liability.

⁷ A third revision to City Policy Memorandum 5 (R) was issued on March 1, 2012.