



City of New Orleans

Guide for Boards, Commissions, and
Public Benefit Corporations

Model Administrative Procedures

2013

CITY OF NEW ORLEANS MODEL ADMINISTRATIVE PROCEDURES

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INTRODUCTION TO MODEL ADMINISTRATIVE PROCEDURES

This “Guide for City of New Orleans Boards, Commissions, and Public Benefit Corporations” (Guide) includes legal requirements and recommended practices for City of New Orleans boards, commissions, and public benefit corporations. The New Orleans Office of Inspector General provides this information to help board members, officers, and employees execute their duties; fulfill their organization’s mission, and ensure that public organizations serve the public interest. The Inspector General makes these requirements and recommended practices accessible to the public to promote accountability and instill public confidence in these organizations.

The Guide is divided into two sections. The first section is a Model Board Handbook (Handbook) that contains rules that apply directly to board members. The Model Administrative Procedures (Procedures) contains administrative parameters designed to guide the board in creating and adopting policies to direct staff in administering programs.

Throughout this document, the term “board” refers to the governing body of a board, commission, or public benefit corporation.

The Guide includes both legally required procedures and practices recommended for sound governance and financial management. Mandatory requirements are preceded by this symbol, , and include references to or excerpts from state and local laws and mandatory policies.

Mandatory requirements are preceded by this symbol, .

This document details administrative procedures that should help the board to create and adopt policies that guide the executive director and staff. These procedures should enable the executive director and the staff to (1) avoid illegal, unethical, or imprudent actions and (2) make timely decisions without undue board direction.

The recommended practices that follow are general guidelines; the organization should adapt these guidelines or adopt additional specific policies as necessary.

At times, position names have been included to ensure segregation of duties. Organizations should establish employee positions and develop job descriptions for those positions as appropriate.

The employees of some boards and commissions will be hired through the Civil Service Department of the City of New Orleans. In these instances, the executive director may only perform personnel functions that are not dedicated to the Civil Service Commission and the Director of Civil Service. **The following section applies to boards and commissions that operate under the Civil Service.**

Personnel management functions may be shared with the Civil Service Commission and the Director of the Civil Service.

The New Orleans Civil Service Commission was created by the state constitution and sets its own laws which are outlined in the Rules of the Civil Service Commission City of New Orleans. The Civil Service Commission has the authority to make higher level decisions regarding the creation of positions and the compensation of employees. If the executive director wishes to create new staff positions, he should apply to the Civil Service Commission for approval of the new positions or adopt already established classifications.

The Director of Civil Service (Director) performs administrative personnel functions for the City. The Director is responsible for advertising employment opportunities and creating lists of eligible applicants. The Director is also responsible for keeping central files on employees. The role of the Director is described in the Rules of the Civil Service Commission.

The executive director makes decisions at the office level including opening positions to applicants and selecting from a list of qualified applicants. When the executive director has determined a need to fill a position, he should ask the Director of Civil Service to advertise the position and determine eligibility of applicants according to established qualifications.¹ Names of eligible applicants should be forwarded to the executive director who makes the final hiring decision. Compensation packages for classified employees are determined by the Civil Service Commission and the executive director has no authority to negotiate these terms.

After an employee has been hired, the executive director is responsible for performing employee evaluations. The executive director also has the authority to discipline employees (including termination) according to the procedures of Civil Service Rule IX. Executive director personnel duties include:

- Determining staffing levels necessary for the operation of the organization.
- Supervising and managing and staff.

¹ Note: Many organizations and departments find it helpful to recruit new hires and advertise open positions above and beyond the efforts of Civil Service. Civil Service will provide the legally required notices.

- Ensuring that performance evaluations of all staff are completed according to the Rules of the Civil Service Commission.
- Determining the need for travel and training of all employees, and approval or denial of staff training and travel requests consistent with the travel and training budget approved by the board.
- Disciplining or terminating employees according to Civil Service Rule IX.

CIVIL SERVICE RULES

Civil Service rules govern the behavior, treatment, and evaluation of employees. For detailed information see the Rules of the Civil Service Commission of New Orleans. Some relevant highlights:

¶ Civil Service Rule VIII governs leave policies for both classified and unclassified employees.

¶ Civil Service Rule XIV limits political activities by classified employees.

¶ Civil Service Rule XI outlines the employee evaluation process. Supervisors perform an evaluation of all employees each year. Employees are given one of five possible ratings: Outstanding, Exceeds Requirements, Competent, Needs Improvement, and Unsatisfactory. According to the rule, those who receive a Needs Improvement or Unsatisfactory rating have a right to appeal.

WHISTLEBLOWER RULES

¶ Civil Service Rule II, Sec. 10 gives a right of appeal to any classified employee who is subjected to discipline for whistleblower behavior. Further, the Louisiana Whistleblower Statute (La. R.S. 23:967), provides that any employee who reports information that he reasonably believes indicates a violation of any law, order, rule, or regulation shall be free from discipline or reprisal by the public employer for reporting such information.

ETHICS RULES

The executive director and staff are subject to the Louisiana Code of Governmental Ethics. For more information see La. R.S. 42:1101. The following language is excerpted from the Louisiana Board of Ethics information sheets.^{2, 3}

² The Louisiana Board of Ethics information sheets are located at www.ethic.la.us.

³ Consistent with the Board of Ethics' intent, the term "public servant" was changed to "staff member." For more ethics laws see:

- New Orleans Home Rule Charter Section 9-106.
- City Code Section 2-766 et seq.

Whistleblower rules protect employees reporting violations of laws, orders, rules, and regulations from reprisal by the employer.

¶ Staff members are prohibited from receiving anything of economic value for the performance of the duties and responsibilities of office or for any service that is substantially related to the duties, responsibilities, programs or operations of the organization. For more information see La. R.S. 42:1116.

¶ Staff members are prohibited from participating in a transaction in which staff or a member of immediate family has a substantial economic interest. For more information see La. R.S. 42:1119. According to La. R.S. 42:1102(13), the term “immediate family” is defined as: spouse, children, spouses of children, siblings, spouses of siblings, parents, and parents of a spouse.

¶ Staff members or entities in which staff or staff’s immediate family has a substantial interest are prohibited from bidding on or entering into any contract, subcontract, or other transaction with or under the supervision or jurisdiction of the organization. For more information see La. R.S. 42:1113.

¶ Staff members are prohibited from soliciting or accepting, directly or indirectly, anything of economic value as a gift or gratuity from any person who has or is seeking a contractual, business, or financial relationship with the organization. For more information see La. R.S. 42:1115.

¶ Staff members are prohibited from using the authority of office or position, directly or indirectly, in a manner intended to compel or coerce another person to provide staff or anyone else with a thing of economic value that the person is not entitled to by law. For more information see La. R.S. 42:1116.

¶ Immediate family members of the executive director, and of department heads, are prohibited from employment by the organization. For more information see La. R.S. 42:1119.

¶ Former staff members, for a period of two years following the end of term, are prohibited from assisting another person or appearing to assist another person, for compensation, in a transaction involving the organization. Former staff members are prohibited from rendering any service on a contractual basis to or for the organization for two years following employment. For more information see La. R.S. 42:1121.

¶ Every public servant in the State of Louisiana is required to complete a minimum of one hour of ethics education and training on the Louisiana Code of Governmental Ethics. For more information see La. R.S. 42:1170(A)(3). Training can be completed through an online course available at www.ethics.state.la.us.

For more information on ethics or to report complaints, contact the New Orleans Ethics Review Board at www.nolaethics.org and 504-681-3208 or The Louisiana Board of Ethics, www.ethics.state.la.us or 225-219-5600.

• La. R.S. 42:1101 et seq.

The executive director should ensure that the financial integrity of the organization is maintained at all times; that proper care is exercised in the receiving, processing, and disbursing of funds; and that financial and nonfinancial assets are appropriately protected. The following sections include financial controls for revenue collection, authorization for expenditures, credit card policy, and payroll procedures. These should be used by the board to create and adopt policies related to financial controls. Financial Parameters are adapted from the Municipal Yacht Harbor Management Corporation Accounting and Procedures Manual.

SEGREGATION OF DUTIES, SECTION II.A.

Segregation of duties is a key principal in instituting financial controls within an organization. The United States General Accounting Office states that, “key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.”⁴ The principle dictates that no individual should be able to perform two or more stages of a financial transaction. Financial transactions can typically be divided into four phases: authorizing transactions; physically controlling assets; recording transactions; and reconciling or auditing. The chart below lists some of these activities.

Authorizing Transactions	Physically Controlling Assets	Recording Transactions	Reconciling or Auditing
<ul style="list-style-type: none"> • Approving purchase orders 	<ul style="list-style-type: none"> • Controlling cash, checks, or purchase orders 	<ul style="list-style-type: none"> • Preparing cash receipts or billings 	<ul style="list-style-type: none"> • Comparing billing documents to billing summaries
<ul style="list-style-type: none"> • Approving time sheets 	<ul style="list-style-type: none"> • Receiving goods or services 	<ul style="list-style-type: none"> • Preparing purchase orders 	<ul style="list-style-type: none"> • Comparing collections to deposits
<ul style="list-style-type: none"> • Approving contract change orders 	<ul style="list-style-type: none"> • Maintaining inventories 	<ul style="list-style-type: none"> • Posting payments to an account receivable system 	<ul style="list-style-type: none"> • Performing checks of balance sheets to fund balances
	<ul style="list-style-type: none"> • Accepting payments 	<ul style="list-style-type: none"> • Keeping inventory records 	<ul style="list-style-type: none"> • Performing physical inventory counts
	<ul style="list-style-type: none"> • Distributing paychecks 	<ul style="list-style-type: none"> • Recording or posting any information to the general ledger 	<ul style="list-style-type: none"> • Reconciling records such as records of revenue, expenditures, and payroll transactions to management reports

⁴ *Standards for Internal Control in the Federal Government*, United States General Accounting Office, November 1999. <http://www.gao.gov/special.pubs/ai00021p.pdf>

Duties that should be segregated include:

Ordering Supplies | Receiving Supplies

Accepting Payments | Depositing Cash

Approving Time Sheets | Issuing Pay Checks

Receiving Checks | Changing Account Balance

Smaller organizations may need to use a board member in one or more roles in order to segregate duties.

Within this document, we indicate duties that should be segregated by assigning them to three positions: Office Manager, Accountant, and Executive Director. The positions are highlighted in red throughout the document. These assignments represent archetypes, and the organization may want to assign specific duties to other staff positions.

This section of the handbook explains policies and procedures for handling cash and other forms of payment received by the organization, including the accounts receivable collection process. This general information is intended to help organizations create and adopt a policy that will guide employees through the cash receipts process.

REVENUE SOURCES

The cash receipts process is a vital part of an organization's operation. The following suggestions for policies and procedures will ensure that the funds generated and received by the organization are properly accounted for. Sources of revenue for an organization may include the following:

- Rents
- Fee Collection
- Grants
- Bonds
- Membership Dues
- Millage Revenue
- General Fund Revenue
- Sales
- Charges for the use of open spaces
- Cash or In-Kind Donations

Develop policies and procedures that ensure funds generated and received are properly accounted for.

HANDLING RECEIPTS

The duties assigned to personnel handling receipts should be assigned with segregation of duties in mind. The following paragraphs are an example of duties in a three person office that includes an office manager, an accountant, and an executive director. These duties may be assigned to other personnel as deemed appropriate by the board as long as they remain segregated.

The **office manager** collects cash and checks from the public. At the end of each day, the **executive director** prepares cash and checks for deposit. Checks submitted should be stamped with the endorsement of the organization.

The **accountant** records the transaction into an accounts receivable ledger. If the **accountant** is not available to perform this function, then the **office manager** and the **executive director** perform this function together.

Deposits should be sent to the bank with a reasonable level of security. All bank deposit receipts are to be returned to the **office manager**.

Weekly accounts receivable reports are to be prepared by the **executive director**.

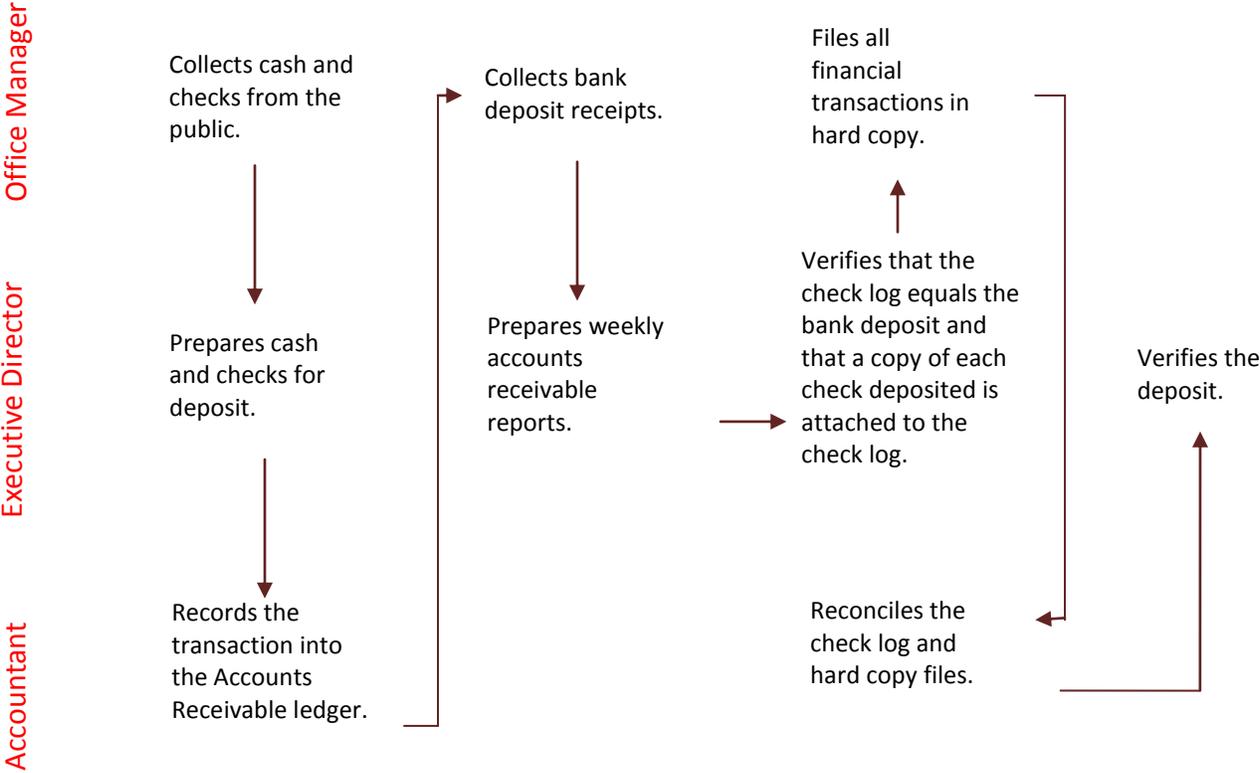
The **executive director** should verify that the check log equals the bank deposit and that a copy of each check deposited is attached to the appropriate check log.

The **office manager** should file all financial transactions for review by the **accountant**. The original check log and copied checks are attached to the bank deposit receipt and filed. Upon receipt of the bank deposit receipts the **office manager** files the receipt with the deposit slip and the copies of the checks. The **executive director** should verify the deposit. Any differences should be investigated and resolved immediately.

The **accountant** reviews all financial transactions.

This process is diagrammed in figure 1.

Figure 1: The Accounts Receivable Process



DELINQUENT ACCOUNTS

¶ According to the Louisiana Legislative Auditor, insufficient effort to collect delinquent accounts receivable may be a violation of Article VII, §14 of the Louisiana State Constitution.

The organization should have a written policy for collecting delinquent accounts receivable and should enforce that policy.

POLICIES FOR SPECIFIC REVENUE STREAMS

Organizations may have various methods of generating revenue. It is important to outline policies for collecting and accounting for each of the organization's revenue stream. When developing policies for revenue collection, keep in mind the importance of separating duties among employees.

LEASING

¶ Although public entities are generally required to advertise properties for lease and to award leases to the highest bidder, public benefit corporations formed by the City of New Orleans are an exception according to La. R.S. 41:1215. La. R.S. 41:1212(G) dictates that public benefit corporations may lease property without opening it to public bids, but they should receive a fair and equitable return of revenue.

La. R.S. 41:1212(H) excepts buildings in historic districts in the City of New Orleans leased by any board or commission from the requirement to award leases to the highest bidder.

La. R.S. 41:1212(J) allows space in buildings designated as community centers or used for the benefit of area residents to be leased at a reduced rate or free of charge.

This section of the handbook is a guide to policies and procedures related to the purchase of goods and services and handling employee and board expenses. Your organization's policy should guide users to correct procedures and assist in expediting purchasing. Procurements are subject to the Louisiana Public Bid Law and City of New Orleans procurement policies.

Some organizations may use the procurement department of the City of New Orleans to purchase goods and services. **If the organization uses the City's purchasing system, it is not necessary to develop separate procurement procedures.**

AUTHORITY FOR PROCUREMENT

The board of directors should delegate responsibility for all procurement negotiations to the executive director. The executive director should appoint a purchasing agent to assist with achieving the goals set forth in this policy and procedure handbook. In this manual, we assign this function to the **office manager**.

Responsibility for procurement should be assigned to a single purchasing agent.

GENERAL

Under the direction of the executive director, the **office manager** should have the authority to order supplies, materials, and equipment. Without specific permission from the executive director, no other employee should order directly by letter, telephone, email, or in any other manner commit the resources of the organization. The organization should assume no obligation except on a previously issued and duly authorized purchase order. To achieve this goal, the **office manager** should be responsible for the following:

The procurement and contract processes are management responsibilities that the board should delegate to the executive director.

- Securing competitive bids to obtain maximum value from the expenditures of funds;
- Maintaining contact with the vendors;
- Coordinating the procurement of goods and services; and
- Developing sources of supply to assure an adequate number of vendors from which to obtain supplies, equipment and services.

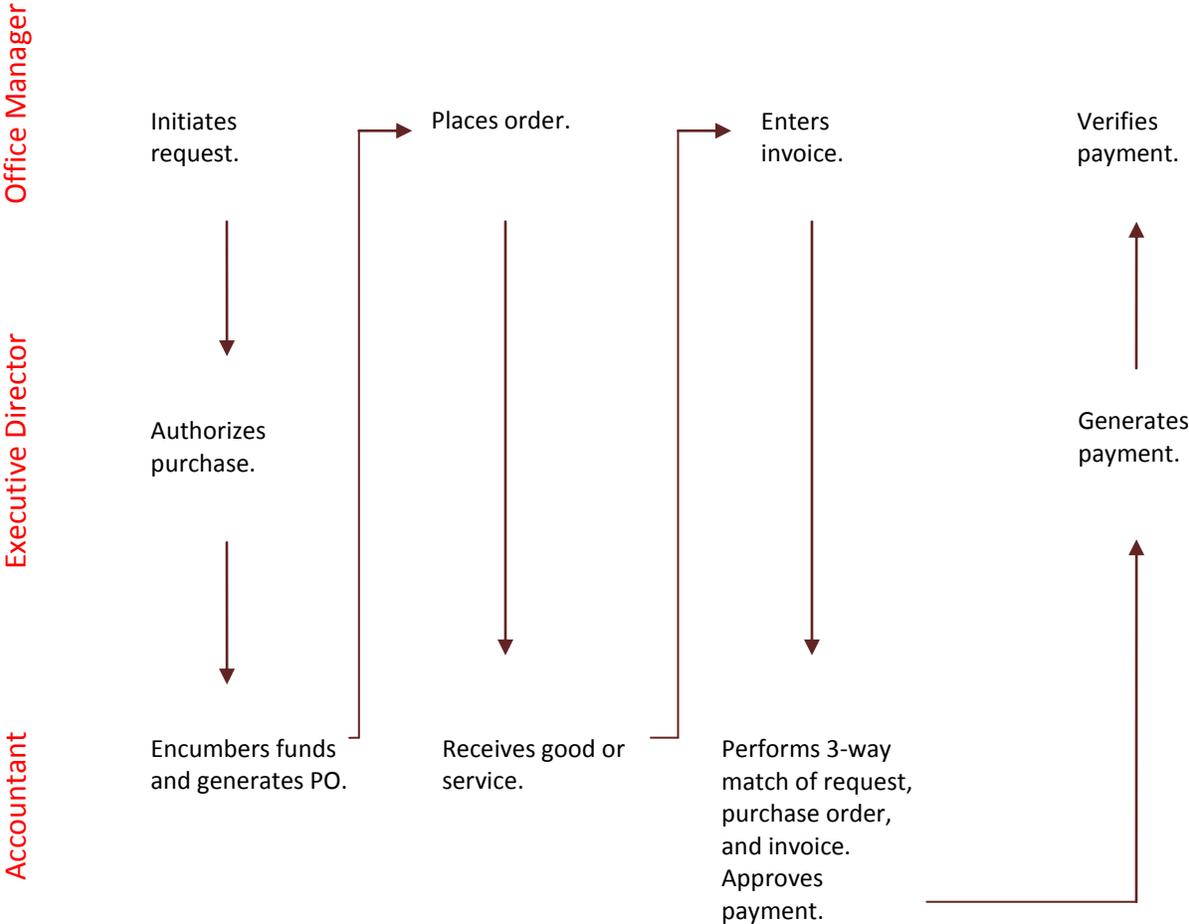
SEGREGATION OF DUTIES

Duties within purchasing functions should be segregated. No one individual should be able to perform two or more stages of a purchasing transaction. When possible, the authorization of purchases, control of inventory and cash, recoding

of transactions, and reconciling ledgers should be performed by separate individuals. In a small organization, it may be necessary for a board member to perform one or more stages of the process in order to achieve segregation of duties.

The figure below outlines the purchasing process with segregation of duties for a three person office that includes an office manager, an accountant, and the executive director. Organizations can adapt these roles to fit their own staffing levels, but should keep duties segregated as outlined below.

Figure 2: The Ordering and Receiving Process



AUTHORIZED PURCHASES

In accordance with the authority delegated to the office manager, all purchases should be governed by policies such as those described in this handbook. The objective should be to obtain all supplies, equipment and services at the lowest

cost, consistent with quantity, quality and availability of the items at the time of purchase.

No person should be authorized to obligate the organization without encumbering, in advance, and through the executive director (or designee), sufficient funds to meet the purchase obligation. This practice applies to all requisitions regardless of the source of funding.

No person (including board members) other than the executive director (or his designee) should be authorized to commit funds to a purchase.

FUND SOURCES

All funds deposited with the organization, regardless of source, are the organization’s funds and should be handled in accordance with the policies and procedures of the organization. Policies and procedures should apply to all grant and general fund budget accounts.

OVERDRAWN ACCOUNTS

The organization should prohibit overdrawn accounts. However, if an account is overdrawn, a transfer of funds to cover an overdraft should be submitted immediately upon notification of the overdraft. The organization should designate an employee to initiate transfers of funds. Staff should create an interdepartmental memo to request the transfer of funds. All transfers should require the approval of the executive director.

PROCUREMENT OF SUPPLIES AND NON-PROFESSIONAL SERVICES

City of New Orleans policies for the procurement of nonprofessional services and movable property are outlined in CAO memorandum No. 24(R). These rules are based on the New Orleans City Code Sec. 70-416 et seq. and requirements listed in La. R.S. 38:2211 et seq., the Louisiana Public Bid Law. The board should follow the procedure outlined in the memo.

See CAO Memo No. 24(R) for the City’s procurement policies for nonprofessional services and movable property.

According to CAO memorandum No. 24(R), procurements of nonprofessional services or movable goods in excess of \$20,000 require a formal bid process including bid invitations and advertising. The formal process is outlined in the memo.

It is not acceptable to divide purchases into smaller amounts to avoid the threshold. If a purchaser expects to exceed the threshold with a vendor over the course of a year, for office supplies or ongoing services, for example, the contract should be formally bid.

! According to the Louisiana Public Bid Law, the organization must procure materials and supplies over \$10,000 by competitive bid, and the contract should

be awarded to or the goods purchased from the lowest responsive and responsible bidder. The competitive bid requirement applies to all means by which the organization obtains needed movables, including purchases, leases, lease-purchases, and exchanges.

❗ Movables and services available by “Piggybacking” or thru “Intergovernmental Procurement” from an existing public contract are previously procured and do not require new competition.

The following table shows competitive bid procedures in different procurement categories according to CAO Policy Memorandum No. 24(R).

	Movables		Non-Professional Services	
	< \$20K	\$20K +	< \$20K	\$20K +
Written Specification	Required	Required	Required	Required
Bid Invitation & Advertising	Not Required	Required	Not Required	Required
Competitive Bid	Informal ⁵	Formal	Informal	Formal

A formal bid process includes:

- **Approval** by the executive director that the project fits within the budget;
- **The creation of bid specifications** that are clear and concise and contain no unnecessary requirements;
- **Publication** of the bid, following advertising requirements regarding time and location;
- **A formal process** for opening the bid;
- **Awarding** the bid to the lowest responsive (the proposal met all of the requirements of the specifications and bidding process) and responsible (capable of the specified work and not disqualified due to dishonesty, carelessness, incompetence, unreliability or other performance-based factor) bidder; and
- **A contract** approved and signed prior to the issuance of any purchase order or start of work.

Legal challenges based on the Louisiana Public Bid Law have led to strict interpretations of bid specifications by the courts.⁶ Courts in this state generally do not allow any bid requirement to be waived after its advertisement. All

⁵ An informal process includes documenting three bids by phone calls or emails.

⁶ For example, Broadmoor, L.L.C. v. Earnest N. Morial New Orleans Exhibition Hall Authority, 867 So. 2d 651 (La. 2004) and Hamp’s Constr., L.L.C. v. City of New Orleans 924 So. 2d 104, (La. 2006).

errors, unnecessary forms, and extra specifications will become requirements once the bid is publically released. It is worth spending time to create good bid documents on the front end rather than relying on boilerplate templates from previous projects.

A formal bid invitation and advertising are not required for procurements of nonprofessional services or movable goods less than \$20,000. The **office manager** should solicit at least three bids (through phone or email) and document the bids in writing. The lowest bidder should then submit a formal quote in writing.

PROCUREMENT OF PROFESSIONAL SERVICES

For professional services, a request for proposals, or RFP, may be used instead of an invitation to bid. The process allows the organization to choose the most qualified service provider or best overall value, rather than simply the lowest cost service provider.

The request for proposals should include the following information.

- A clear description of the services to be performed
- A description of the work to be performed and the objectives to be met
- The deadline for proposals
- The identity of a contact person
- The time table for selection
- The criteria, including relative weights of each

Proposals submitted in response to an RFP should be evaluated according to the following criteria.

- Cost
- Specialized experience and technical competence
- Performance history
- Cost control
- Work quality
- Ability to meet deadlines on time

Executive Order MJL 10-05 limits what can be considered “professional services.”

! Executive Order MJL 10-05 defines professional services as those that include work rendered by an independent contractor who has a professional knowledge. Professional services include (but are not limited to) those provided by: attorneys, doctors, dentists, nurses, veterinarians, architects, engineers, land surveyors, landscape architects, accountants, actuaries, appraisers, business consultants, investment advisors, and claims adjusters. According to the order,

The word “professional” implies professed attainments in specialized knowledge as distinguished from mere skill. Standards for recognition of status as a professional service include the following:

- a. Completion of training or advanced study in a specialized field;
- b. Exercise of skills based on experience and competence in a recognized discipline; and
- c. Adherence to technical standards and practices in a learned discipline that confers status, espouses codes of common practice, and/or endorses recognized methods.

Evidence of professional status may include diplomas, certificates of education and training, licenses, or membership in organizations that endorse ethical standards and practices.

! City of New Orleans policies for the procurement of professional services over \$15,000 are outlined in Executive Order MJL 10-05.⁷ The board may either choose to follow the procurement of professional services procedure outlined in the order (in which the City’s Chief Procurement Officer and Law Department guide the purchasing process) or it may opt to develop its own procurement procedure based on the policies outlined in the executive order. According to the Executive Order, any policy and procedures developed by the board should be approved by and certified by the Mayor. The Mayor should annually review and recertify the policy and procedures.

A formal request for proposals process is similar to the process for invitations to bid, but also includes a step for contract negotiations. The process includes:

- **Approval** by the executive director that the project fits within the budget.
- **The creation of selection criteria** that are clear and concise and contain no unnecessary requirements.
- **Publication** of the request, following advertising requirements regarding time and location.
- **Review** by a selection committee and selection based on the stated criteria.

⁷ Professional services under \$15,000 are not required to be bid. City Code Sec. 2-7.

- **Contract negotiations** between the selected service provider and the organization.
- **A contract** executed prior to the issuance of any purchase order or start of work.

Any contract for professional services that is less than \$15,000 may be procured through an informal process. Any contract over that amount must be formally bid through a process similar to that outlined in the Executive Order.

PURCHASES OF BUILDINGS OR PUBLIC WORKS

CAO Policy Memo 113(R) outlines procedures for the procurement of public works and capital projects.

¶ La R.S. 38:2212(A) requires that buildings or public works valued above \$150,000 should be publically bid and advertised.

The rules for procurement on public works and capital projects are specific and complicated, and boards should get professional advice on the procurement process.

VENDOR NUMBERS

All vendors should be assigned a permanent, unique vendor number by the **office manager**. The vendor's number should appear on all purchase orders and check requests.

PURCHASE ORDER SYSTEM

The organization should use a purchase order system for procuring its goods and services from external vendors. Only the executive director or a staff member specifically designated by the executive director should have the authority to issue purchase orders. In the case of unexpected absences of the authorized individuals, purchase orders should only be issued by that individual's immediate supervisor. No individual other than the **office manager** or the executive director should telephone or fax orders directly to vendors.

PREPAID ORDERS

Even if a vendor will not accept a purchase order, the individual making the order should submit a purchase order for processing. This order should state that prepayment is required in the description section of the order and supporting documentation from the vendor should be attached. The note stating the prepayment requirement should be readily visible. For prepayments, the order must include the exact amount, including tax and shipping charges when applicable. A check can be issued to accompany the order.

EMERGENCY ORDERS

Emergency orders are acceptable in very limited circumstances. An emergency is defined by City Charter Sec. 4-206(3)(d) as due to "acts of God, riot, war, or a grave emergency which threatens widespread loss of life or grievous injury to health or property." Failure to anticipate a need is not, by itself, considered an emergency. To initiate an emergency purchase, the authorized person should contact the executive director and explain the nature of the emergency. Once the emergency purchase is approved, a purchase order should be hand carried to the executive director for processing. Upon receipt of an emergency purchase order, the **office manager** or executive director should phone or fax the order to the vendor.

Failure to anticipate a need does not constitute an emergency.

APPROVALS

All requests for disbursement should be approved by the individual responsible for the account to be charged.⁸ The organization should set a dollar amount above which the executive director must approve the request in writing before the purchase order is issued. Purchases should not be broken down into partial payments to avoid the policy.

During anticipated absences, individuals responsible for accounts should notify the **office manager** in writing with the name of their designee. In cases of unanticipated absences, the supervisor of the responsible party should sign.

The process of creating a purchase order takes time, and the policy should notify employees of the expected delay. For example, the policy might inform employees that “staff members should expect at least one to two working days for the purchase order to be processed and issued.”

No purchases should be ordered without a purchase order. Any questions regarding purchase orders should be referred to the **office manager** or executive director.

When a check is made payable to an individual for professional fees and honoraria, the individual's social security number and address should appear on the form. Checks should not be issued without this information.

RECEIVING

All goods should be received and processed by the **accountant** who is independent from the **office manager** and the person placing the order. The **accountant** should prepare and maintain a receiving log that includes purchase order number, date received, and a brief explanation of the goods received. Individuals ordering a product should inspect the goods and sign a receiving report attesting to the quantity and condition. The **office manager** should verify that the items accepted are on the approved purchase order.

This process is included in Figure 2 on page II.C.2.

PICK-UP FROM THE VENDOR

In the event that supplies or materials are picked up from the vendor, all supporting papers should be submitted to the **accountant** by the close of the next working day.

⁸ In our example, the executive director is responsible.

RETURNS

Any materials that are returned to a vendor and are covered by a purchase order should be shipped through the **accountant**. This procedure ensures that the organization is able to verify shipments to vendors for proper credit or replacement.

SUPPORTING DOCUMENTS

Check requests should have supporting documentation such as invoices, order forms, receipts, and statements.

Advances for travel should not require supporting documentation when the check request is submitted. However, an expense statement should be submitted shortly after the event for which funds were advanced.

PROCESSING TIME

The organization's policy should include a specific period of time employees can expect for check generation.

DISBURSEMENTS

The organization should track expenditures through cash disbursement software. The software should be specifically mentioned in the organization's procurement policy. All disbursements made in check form should be generated from this software. Checks should be signed by the executive director. The organization should set a dollar amount above which two signatures are required. Authorized check signers could include: the board chair; board secretary; board treasurer; and executive director. The position of the person authorizing, initiating, and approving the transfer should be clearly identified. Electronic fund transfers could be performed by any of the aforementioned authorized check signers.

PAYMENTS

To initiate payments, the vendor should submit an invoice. The vendor should mail the invoice to the **office manager** who should stamp it with the date of receipt. If an individual receives an invoice from a vendor in error, all copies should be forwarded to the **accountant** immediately for processing.

The **accountant** should forward a copy of each invoice or packing slip to the staff person that originated the purchase for verification of receipt of the

merchandise or service. The staff person who originated the purchase should report any discrepancies to the **accountant** immediately. The person receiving the goods or service should sign and date the invoice on file in the office.

Vendors should not be paid until the **accountant** has received and processed an invoice. For purchased items, this includes checking the receiving report or packing slip to ensure that the merchandise has been received. Vendors should be paid only after goods and services have been received.

ACCOUNTS PAYABLE

The **office manager** should stamp all bills with the date they were received and input all accounts payable information into the system. All new vendors should be set up in the accounting system and should receive the proper approval from the executive director. The **office manager** should then forward the bill to the staff person who originated the purchase for approval. Once the staff person who originated the purchase has approved the invoice and returned the approved invoice to the **office manager**, the **office manager** should then forward the invoice to the **accountant** to perform a three-way match of the request, purchase order, and invoice. Once the accountant has performed the match, the documents are sent to the **executive director** for payment. See Figure 2 on page II.C.2 for a diagram of this process.

Accounts payable invoices should be processed every two weeks, generally from the approved vendor invoices. Disbursements should be made in check form and should be generated from a computer system. In the event that the computer system is unavailable, checks may be written by the executive director.

RECONCILING ACCOUNTS

All bank accounts should be reconciled to the general ledger by a person other than the person entering the transactions into the general ledger, writing checks, and making deposits. Smaller organizations often use a board member to perform this function. Statements should be received by this person unopened or directly from the financial institution. The organization should designate a number of days within which approval of the bank reconciliation should be made to the executive director.

CREDITS

Credits should be processed as they are received. The person requesting a credit should receive a copy of the credit from the **office manager**. The credit should be applied to the account of the original encumbrance.

PETTY CASH FUNDS

The organization should establish a petty cash account with a set balance for receipt of unexpected goods and services. Prior to the fund reimbursement, transactions should be summarized by the **accountant** and approved by the executive director.

Check cashing and other non-business uses should be expressly prohibited.

¶ United States Federal Tax Law stipulates that payments or reimbursements to employees or board members for bona fide business-related expenses are not considered taxable income to the employee.

The policy should state that it is necessary for employees to explain business expenses fully so that the business relationship is clearly evident. Advances and reimbursements may be considered additional taxable income for the individual if business expenses are not fully substantiated and explained. Items that are not considered business expenses include meals that are not consumed during business travel, gifts and flowers for employees, bonuses, office party expenses, and alcohol.

¶ Payments of this nature also violate La. Const. Art. VII, §14.

EXPENSE STATEMENTS

An expense statement should be required when reporting expenses for travel and entertainment. In all cases, original receipts should be attached to the expense statement. Photocopies, canceled checks, check stubs and non-itemized credit card billings are not acceptable as receipts. If receipts are not provided, the employee should not be reimbursed.

TRAVEL

There are special requirements related to travel expenses. Requests for travel advances should be submitted no earlier than ten working days and no later than five working days before the event for which the advance is made. Business travel should not be approved unless it serves the mission and goals of the organization. Business travel should be approved by the chair. The expense statement should always be used to report all expenses. The expense statement should be submitted no later than ten working days after the expenses are incurred.

TRAVEL EXPENSES

The organization should create a policy for allowable limits for telephone and internet charges, mileage, tips, meals, and lodging during business travel. For a sample policy, including reimbursement rates, see Louisiana State travel policies, at: <http://doa.louisiana.gov/osp/travel/travelpolicy.htm>. The state policy is updated yearly.

REIMBURSEMENT OF TRAVEL EXPENSES

A check request for the amount of the reimbursement should accompany the expense statement when an individual is to be reimbursed for expenses exceeding the amount advanced. An expense statement should accompany the check request for the reimbursement when an individual receives no advance, but is to be reimbursed for travel or entertainment. Any unused funds should be returned and should accompany the expense statement. The procedures are outlined below.

If:	Then:
There was no travel advance,	a check request should accompany the expense statement.
Expenses exceeded the amount advanced,	a check request should accompany the expense statement.
Expenses were lower than the amount advanced,	unused funds should be returned with the expense statement.

The organization should create and adopt a policy related to payroll. Many of the boards and commissions attached to the City of New Orleans use the City's payroll system to compensate employees. Financial controls related to payroll should apply whether the organization uses the City to perform payroll, an internal payroll system, or an outside contractor to process payroll. Organizations that use another payroll system should substitute relevant procedures for procedures performed by the City of New Orleans.

For organizations that use the City's payroll system, employees are paid by the City. These payments are subsequently reimbursed by the organization. All documentation used in the preparation of payroll by the organization should be maintained by the organization.

TIME SHEETS

Employees should complete weekly time sheets and they should be approved and signed by the supervisor.

ABSENCE

When an employee is absent from work for any reason, such as sick leave or annual leave, the reason should be documented. This procedure should be followed in addition to the completion of absence report forms, phone calls to the supervisor, etc.

If for any reason a full-time non-exempt employee's actual hours worked for the week do not total that employee's regular time hours (administration 35 hours or maintenance 40 hours), and the employee has not requested sick or annual leave through an approved absence report form, or etc., the employee should be charged for leave without pay.

Time sheets require both the employee and supervisor signatures prior to entry into the payroll system. If the employee is not present to sign (due to sickness or vacation) "not available" should be inserted on the employee's signature line and the supervisor should sign as usual.

All organizations, whether or not the City pays their employees, should maintain all documentation used in preparing payroll.

OVERTIME

All overtime hours should be properly approved by the executive director. The executive director should follow civil service rules for approving overtime for civil service employees.

CORRECTIONS

Incorrect information should be revised by a single line drawn through the incorrect entry. Entries may not be obliterated by correction fluid or heavy marks. Correction should be approved by a supervisor.

DATA ENTRY

Payroll operations require segregation of duties; payroll data entry and time sheet approval should not be performed by the same individual.

FILING

All time sheets should be maintained by the organization as part of an employee personnel file.

VIOLATION OF PROCEDURES

Falsification of payroll records is a serious offense. An employee found willfully attempting to falsify time worked should be subjected to disciplinary action. This may include termination from employment.

PAY PERIOD

The policy should include the pay day and pay period. For example: "Pay day for all employees occurs every other Friday. The pay period is two weeks and begins on a Sunday and ends on a Saturday."

DEADLINE

The payroll policy should include a deadline for timesheet submittal. For organizations using the City's payroll, time sheets and forms are due in the City accounting department by 10:00 a.m. every Monday, or on the preceding Friday when a holiday falls on a Monday.

EARNINGS REPORT

The policy should include information on earnings report distribution. For those organizations using the City’s system, the City sends an earnings report to the organization the Monday following the end of a pay period. This report details all amounts paid (Gross Wages, FICA, Federal W/H, Retirement, etc.). The **accountant** should reconcile the earnings report.

PAYROLL REIMBURSEMENT

The policy should include information on how payroll will be paid from the organization’s funds. For organizations that use the City’s payroll, all payroll checks are paid and disbursed by the City of New Orleans. The organization should agree to a method for billing payroll expenses with whomever conducts payroll (whether the City or a third party payroll company).

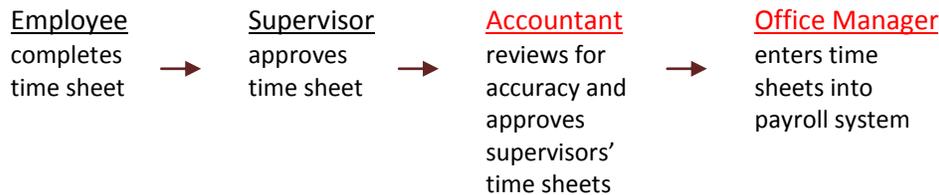
FINAL REVIEW

The **accountant** should review all submitted time sheets and payroll forms for coding and mathematical accuracy. The **accountant** should sign as supervisor on forms for the department heads.

ENTERING EMPLOYEE’S TIME INFORMATION INTO THE CITY’S HRTS TIME SYSTEM OR OTHER PAYROLL SYSTEM

The **office manager** should enter the employee’s time information directly into the payroll system.

Figure 3: Payroll Process



If the board authorizes corporate credit card use, it should develop a policy regarding credit card use. The executive director should approve the issuance of all credit cards. Employees assigned credit cards should abide by a credit card policy and procedures and sign an annual credit card agreement form after reviewing the policy. The following review and documentation procedures should be part of the organization's credit card policy. These procedures are adapted from the Louisiana Legislative Auditor Best Practices for Local Governments Credit Cards Policy.

CREDIT CARD POLICY

Credit cards should be issued at the discretion of the executive director only to current employees who have been authorized to incur legitimate business expenses on a regular basis.

Cards should be used as a mechanism for payment and not to incur debt. The balance should be paid in full by the end of every month.

The employee (cardholder) should agree to comply with all applicable policies and procedures and an annual credit card agreement.⁹ When signed and accepted, an annual credit card agreement should delegate purchase authority to the current cardholder to execute credit card purchases. The agreement should be kept on file and signed and dated again when the employee returns the card.

Applying for a Credit Card

The card should be issued in the organization's name using the organization's tax identification number.

The credit card should not permit cash advances.

Security

The **accountant** should maintain a list of all credit cards, including the card numbers, and the telephone numbers of the credit card companies.

The **office manager** should be responsible for securing credit cards under lock.

Employees authorized to use the organization's credit card should sign an agreement that includes the organization's credit card policy.

⁹ For example, see attached acknowledgement.

Employees should immediately notify the bank and the **accountant** if a credit card is missing (lost or stolen) or in the case of identity theft. The **accountant** should be responsible for notifying the executive director. If a card is stolen, the executive director should notify law enforcement.

Issuance

The issuance of a credit card should be authorized by the executive director and should be documented in writing using an annual credit card agreement form and a credit card issuance log. The annual credit card agreement should include the organization's credit card policy as an attachment.

The **accountant** should maintain a written log for each credit card that records when a credit card is issued and returned. The log should contain the (1) business purpose for using the card; (2) the purchase order number; (3) the executive director signature approving the issuance of the card; and (4) dates and times of issue and return. Both the **accountant** and the employee should sign the log when a card is issued and when it is returned.

Usage

There should be consequences for personal or unauthorized use of a credit card, up to and including immediate termination of employment.

All purchases should be approved in accordance with the organization's purchasing policies and procedures prior to the transaction. The approved purchase order should be submitted to the **accountant**.

The following purchases should not be permitted.

- Cash advances on credit cards
- Alcoholic beverages
- Tobacco products
- Prescriptions and drugs
- Purchase of items for personal use (even if the cardholder intends to repay the expense)
- Capital equipment and upgrades over \$1,000

❗ Purchases made by credit card must not circumvent the City's or the organization's purchasing policies/procedures or the Louisiana Public Bid Law (e.g., splitting purchases).

There should be consequences for personal use or unauthorized use of a credit card up to and including immediate termination of employment.

Employees should be responsible for obtaining receipts/documentation as proof of purchase and for documenting the business purpose on the receipts. Receipts for any meals and entertainment expenditures should also contain documentation of the names of all persons participating and the business discussed.

The card and the receipts/documentation should be returned to the **accountant** upon completion of the transaction.

Employees should be responsible for all use of the credit card until it is returned to the **accountant**.

The executive director should be responsible for notifying the mayor, district attorney and the Office of Inspector General of any misappropriation of funds or assets of the organization.

Recordkeeping

The **accountant** should be responsible for reviewing the receipts and documentation for propriety (authorization to purchase, documentation of business purpose, etc.) upon the return of the card.

At the end of each month, the **accountant** should compare the card issuance log, purchase documentation, and purchase orders to the monthly card statement. During this review, the **accountant** should ensure that: (1) all card purchases were documented on the issuance log (checking for card usage approval); (2) all purchases are supported by documentation (checking for inappropriate purchases and completeness of purchase documentation); and (3) all purchases were supported by an approved purchase order (checking for proper approval for the purchases).

Any purchase/charge without appropriate supporting documentation should require a detailed explanation and description and the written approval of the executive director.

The **accountant** should attach the receipts and documentation to the monthly statement and submit to the executive director for review and approval in writing before payment is made.

Sample Annual Credit Card Agreement

By signing this form, the employee acknowledges the following:

The employee understands and agrees to follow all of the organization's policies and procedures, including those relating to purchasing and credit/purchase cards.

The employee understands that noncompliance with policies and/or procedures may result in disciplinary action against the employee.

The employee understands that credit/purchase cards are made available to the employee for business purchases. In order to be eligible to use a card, the employee must review and sign this agreement form on an annual basis and have approval to use the card as stated in the credit/purchase card policy. In addition, the employee is required to sign-out the card prior to using it.

The employee understands that he/she is responsible for all purchases (except those due to theft) made on the card.

The employee agrees that he/she will not allow other individuals (including other employees) to use the card.

If the card is stolen or lost, the employee is to immediately notify the bank and the **accountant**. The employee understands that failure to quickly report a stolen or lost card may result in the employee being liable to the organization for losses (including interest and fees).

The employee agrees to use the card only for approved purchases. For a purchase to be considered approved, the purchase must have been approved in accordance with the policies and procedures of the organization.

The employee agrees that he/she will not make any personal purchases on the card.

The organization will investigate any unapproved purchases made on the card. The employee agrees that he/she may be required to reimburse the organization for the cost (including any interest and fees) of any unnecessary/personal purchases that were not approved in accordance with policies and procedures.

The employee understands that he/she cannot use the card to obtain a cash advance.

The employee agrees to return the card and all purchase related documentation (e.g., itemized receipts) to the **accountant** as quickly as possible.

The employee agrees to return the card upon request.

Employee: _____

Employee ID Number: _____

Signature: _____

Date: _____

Executive Director: _____

Signature: _____

Date: _____

Accountant: _____

Signature: _____

Date: _____

The organization is subject to the Louisiana Local Government Budget Act and submits its budget as part of the City of New Orleans budgeting process. The organization should adopt a budget policy. The budget should be prepared by the executive director and approved by the board.

Budgets are typically due to the CAO during the summer prior to the budget year.

City boards and commission budgets for the upcoming year are due to the Chief Administrative Office (CAO) prior to the City Council's budget hearings. The CAO holds private hearings with individual boards and commissions before the organizations submit formal budget proposals to the Mayor. The Mayor has an obligation to submit his budget to the City Council by November 1st. The Council then holds hearings and adopts the budget by December 1st.

¶ According to La. R.S. 39:1311, the budget should contain a budget message that includes a summary of the proposed financial plan, policies, objectives, assumptions, and a discussion of the most important features. It should also include a statement for the general fund and each special revenue fund with:

- The estimated fund balances at the beginning of the year
- Estimates of all receipts and revenues to be received
- Revenues itemized by source
- Recommended expenditures itemized by function and character
- Other financing sources and uses by source and use
- The estimated fund balance at the end of the fiscal year

For more information see La. R.S. 39:1305.

¶ If the organization does not expect to meet its budget within the year, the executive director should advise the board and the CAO in writing. For more information see La. R.S. 39:1311.

¶ La. R.S. 39:1314 states that "Nothing shall prohibit the expenditure of funds in cases of emergency. For purposes of this Section, "an emergency" means an unforeseen event bringing with it destruction or injury of life or property or the imminent threat of such destruction or injury."

¶ La. R.S. 39:1315 states that "Any person may commence a suit in a court of competent jurisdiction for [Orleans Parish] ... to require compliance with the provisions of this Chapter."

An organization's operations create risk, and people who suffer damages due to those operations may demand compensation. Injuries, damage to property, and financial loss are all events that could result in liability claims. The organization should adopt a risk management policy and create a risk management program. A risk management program limits an organization's liability and any potential resulting losses.

A liability program should be specific to the organization but should include the following elements.

- Risk Assessment: The organization should identify the dollar amount of potential losses and claims against the organization.
- Transfer of Risk: Risk should be reduced by transferring responsibilities to third parties such as contractors.
- Management or Reduction of Risk: The organization should implement safety programs such as safe driving programs, back injury prevention training, and facility safety inspections to reduce the potential for accidents.
- Purchase of Insurance: The organization should purchase insurance to protect itself against the expense of risk.
- Claims Administration: The organization should investigate, evaluate, settle, and litigate claims in a way that minimizes damages.

The organization should adopt a policy to track fixed assets. Fixed assets are defined as tangible property having a useful life of more than one year and a cost of more than \$500 for personal property or \$5,000 for real property (land and structures).

¶ According to La. R.S. 24:515(B), all fixed assets should be inventoried and capitalized in the organization's financial documents.

The inventory should include:

- A description of the asset
- Year of acquisition
- Method of acquisition (purchase, donation, et. cetera)
- Funding source
- An identification number such as a manufacturer's serial number, model number, or a number created by the organization for the purpose of inventory (not an unrelated number such as a purchase order number)
- Cost or estimated cost
- Salvage value
- Estimated useful life
- The location, functions, use, and description of the asset

The organization should create a policy for investments. It should be the policy of the organization to invest public funds in a manner which should provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

Louisiana law requires that public entities adopt an investment policy that details and clarifies investment objectives and the procedures and constraints necessary to reach those objectives. The organization is allowed to invest only as defined by State law in La. R.S. 33:2955. The investment principles contained below are adapted from New Orleans City Code Section 70-600.

The creation and implementation of an investment policy should be the responsibility of the finance committee.

¶ According to La. R.S. 33:2955(D), the policy should reflect the mandate to manage public funds prudently; place appropriate emphasis on guarding the safety of principal first, liquidity second, and yield third. The policy should also establish internal controls to ensure that the risks are adequately managed.

¶ The City of New Orleans has adopted an investment policy for its funds. If the organization controls City of New Orleans funds, they may be subject to the rules outlined in Section 70-600 of the Code of the City of New Orleans.

The following sections include investment policies for an organization that does not have complicated investment needs. If your organization has greater investment needs, it should seek professional guidance and create its own investment policy.

PRUDENT PERSON STANDARD

Investments should be made with the same judgment and care that persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments should not be speculative but made for investment purposes, taking into consideration the probable safety of the organization's capital as well as the probable income to be derived.

The standard to be used by investment officials is the "prudent person" standard, which should be applied in the context of managing an overall portfolio. Investment officers are relieved of personal responsibility for an

Investment objectives should be, in order of priority: (1) safety, (2) liquidity, and (3) return on investment.

individual security's credit risk or market price changes as long as they (1) act in accordance with written procedures contained in the investment policy and exercise due diligence, and (2) report deviations from expectations in a timely fashion and take appropriate action is taken to control and prevent further adverse developments. No such protection is afforded to individuals who do not follow the investment policy.

Diversification of investments is the key to spreading the organization's risk.

INVESTMENT OBJECTIVES

The primary objectives of the organization's investment activities should be, in order of priority:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the organization should be undertaken in a manner that ensures the preservation of capital in the overall portfolio. The objective should be to mitigate credit risk and interest rate risk.
2. Liquidity: The organization's investment portfolio should remain sufficiently liquid to enable the organization to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).
3. Return on Investments: The organization's investment portfolio should attain a rate of return throughout budgetary and economic cycles, commensurate with the organization's investment risk constraints and the cash flow characteristics of the portfolio. **Return on investment is less important than the safety and liquidity objectives described above.** The investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities should not be sold prior to maturity with the following exceptions:
 - A declining credit security could be sold early to minimize loss of principal;
 - A security swap would improve the quality, yield, or target duration in the portfolio; or
 - Liquidity needs of the portfolio require that the security be sold.

DELEGATION OF AUTHORITY

Management responsibility for the investment program should be delegated to some authority, such as the finance committee, obligated to carry out established written procedures and internal controls for the operation of the

investment program consistent with the organization's investment policy. Procedures should include reference to:

- Safekeeping
- Delivery versus payment
- Investment accounting
- Wire transfer agreements
- Banking service contracts
- Collateral/depository agreements

Such procedures should include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of the investment policy and the procedures established by the board. The board should be responsible for all transactions undertaken and should establish a system of controls to regulate the activities board members and staff.

FINANCE COMMITTEE ROLE AND RESPONSIBILITIES

The committee should meet periodically, but at least annually at the call of the treasurer to determine general investment strategies, monitor portfolio results, and ensure the adequacy of maturity restrictions. Further, the committee should adopt an investment policy that includes rules of procedure to modify, enhance, or otherwise change the policy as directed by circumstances then prevailing.

The committee should be responsible for oversight of the relationship between the organization and its investment managers and reviewing the investment manager's performance on a regular basis. The treasurer should monitor the investment manager's compliance with organizational investment policies, communicate any changes in the organization's investment policies to the investment managers, and report all transactions to the executive director.

ETHICS AND CONFLICTS OF INTEREST

¶ The provisions of the code of ethics of the City of New Orleans, Ordinance 16,413, M.C.S. and the provisions of the Code of Governmental Ethics, chapter 15 of title 42 of the Louisiana Revised Statutes should be followed by all parties investing on behalf of the organization.

¶ Board members and staff involved in the investment process should refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Staff and board members should not conduct the

No person may engage in an investment transaction except as provided under the terms of the investment policy and the procedures established by the board.

organization's investment transactions and their personal investment transactions with the same investment advisor.

Brokers/dealers should indicate in each transaction confirmation whether they are acting as a principal (selling securities from their own portfolio) or as an agent (purchasing securities from another broker/dealer).

AUTHORIZED AND SUITABLE INVESTMENTS

¶ The assets of the organization should be invested, as provided in La. R.S. 33:2955, in:

- Direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States.
- Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America.
- Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored.
- Time certificates of deposit (CD's), savings accounts, or shares of savings and loan associations and savings banks that are federally insured by the FDIC, or share accounts and share certificate accounts of federally or state chartered credit unions.
- Mutual or trust fund institutions that are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities enumerated in paragraphs (1), (2), and (3) of this section. Investment of funds in such mutual or trust fund institutions should be limited to 25 percent of the monies considered available for investment as provided by R.S. 33:2955(A)(2). The Louisiana attorney general has determined that only mutual funds created as a Massachusetts business trust are acceptable investments (Op. Atty. Gen. 88-546(A))

PROHIBITED TRANSACTIONS

The following transactions should be expressly prohibited:

- Any transactions not authorized by this policy
- Risky transactions such as the purchase of securities on margin
- Direct purchases of single-family or commercial mortgages
- Purchases of foreign bonds
- The short sale of securities
- Investment in specific companies

COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

The organization's policy should permit securities purchases and sales only with approved financial institutions through a formal and competitive process. The formal procurement process should require the solicitation and evaluation of at least three bids/offers from qualified financial institutions. The organization should accept the offer that provides the highest rate of return within the maturity required and optimizes the investment objectives of the overall portfolio.

When selling a security, the organization should select the bid which generates the highest sale price. It should be the responsibility of the personnel involved with each purchase or sale to produce and retain written records of each transaction, including the name of the financial institution solicited, rate quoted, description of the security, investment selected, and any special considerations that had an impact on the decision.

If the lowest priced security (highest yield) was not selected for purchase, a written explanation describing the rationale should be included in the record.

COLLATERALIZATION

Security should be required for all deposits. The Federal Deposit Insurance Corporation (FDIC) insures deposits at insured banks up to \$250,000. Generally this amount applies to all deposits at a single bank.

The organization should limit collateral to:

- Direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States.
- Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America.
- Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities.

Collateral should always be held by an independent third party with whom the organization has a current custodial agreement. Clearly marked evidence of ownership (safekeeping receipt) should be supplied to the organization and retained.

DIVERSIFICATION

The organization should diversify its investments by security type and institution. With the exception of U.S. Treasury securities, bank certificates of deposit (as limited by R.S. 39:1242D), and authorized pools, no more than 25 percent of the organization's total investment portfolio should be invested in a single security type or with a single financial institution.

REPORTING

The investment project manager and the third party custodian should provide the organization with monthly, quarterly, and annual investment reports that provide a clear picture of the status of the current investment portfolio. The report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, any suggested revisions in the portfolio structure, and thoughts on investment strategies.

VEHICLE AND EQUIPMENT POLICY, SECTION VII.

The organization should create a policy to guide the use of vehicles for work purposes. The policy should encourage reduced costs, better management of resources, reduced claims and liabilities, responsibility, and accountability. The policy should designate responsibility for inventory management, vehicle assignments, fleet maintenance, and fuel services, etc. This section includes suggestions for policies based on CAO Policy Memorandum 5(R) and the Louisiana Office of Risk Management Driver Safety Program. Organizations that use the City's fleet services should follow the rules outlined in CAO Policy Memorandum No. 5(R).

IDENTIFICATION

¶ La. R.S. 49:121 requires all public vehicles to have a public license plate. The organization should create a decal to be placed on both front doors that identifies the vehicle as belonging to the organization. The asset number should be affixed to the vehicle in a protected location.

SECURITY

All vehicles and equipment should be kept in a secure place when not in use. All vehicles should be locked when not in use and all equipment or valuables within the vehicle (whether belonging to the organization or the user) placed out of sight of passersby. Missing vehicles and equipment should be reported immediately to the Police Department.

The organization should develop and implement a procedure for monitoring the storage of vehicles and equipment. This procedure is especially important for monitoring pool vehicles not assigned to an individual employee.

EMPLOYEES

Employees with authority to operate vehicles should sign a document acknowledging receipt and understanding of the organization's policy, which should be kept in the employee's personnel folder. Copies of the vehicle policy should be distributed to all employees who operate vehicles and their supervisors. The vehicle policy, registration documents, and copies of insurance policies should be kept in the vehicle at all times.

DATABASE

The organization should establish and maintain a vehicle assignment data base. This data base should include:

- Vehicle description (year, make, model and color)
- License plate number (if applicable)
- Vehicle identification number (VIN)
- Asset number
- Certification that the vehicle is decaled and marked in accordance with this policy

This database should be used to create a list for the quarterly departmental vehicle inventory checks.

QUARTERLY INVENTORY

The organization should conduct a quarterly vehicle and equipment inventory.

TAKE-HOME VEHICLES

The OIG recommends that the organization not assign take-home vehicles except on a temporary, as-needed basis. The executive director should approve overnight vehicle use only for employees who are regularly called out for emergencies.

VEHICLE COORDINATOR

The organization should appoint a vehicle coordinator and a back-up coordinator to establish and monitor fleet operations policies, guidelines and practices.

The coordinator should:

- Manage maintenance services for pool vehicles, ensure that required scheduled and unscheduled maintenance and related services are performed, develop operator pre-trip inspection guidelines, and ensure that pre-trip vehicle inspections are performed before each shift or use cycle begins.
- Initiate and/or conduct investigations for suspected vehicle or equipment misuse and/or abuse and take appropriate action.
- Establish departmental vehicle and equipment replacement requirements and prepare and formulate specifications for new purchases in cooperation with the executive director.

The OIG recommends that boards and commissions not assign take-home vehicles except on a temporary, as-needed basis.

ELIGIBILITY TO OPERATE VEHICLES

The organization’s policy should specify that only employees holding the required and appropriate vehicle operators’ licenses are permitted to operate organization vehicles and equipment. No non-employee, including family members, should be permitted to operate vehicles and equipment. Contracted maintenance personnel should be exempt from this prohibition while performing the duties of their respective jobs. Beyond these standards, the organization may wish to enforce stricter criteria for determining eligibility.

To be authorized to driver, an employee must have a valid drivers’ license, should complete a defensive driving course upon hire and once every three years, and should pass an annual driving record review.

The executive director should be responsible for authorizing employees to drive, and maintaining a list of authorized drivers. That list should be constantly updated and available for reference. To be authorized to drive, an employee must have a valid drivers’ license, should complete a defensive driving course upon hire and once every three years,¹⁰ and should pass an annual driving record review. When the driving record review reveals three or more moving violations or any serious driving offenses (DWI, hit and run, reckless operation, etc.) within a twelve month period, that employee should be declared a “high risk driver” and lose driving privileges for a minimum of twelve months.

In addition, the organization may consider revoking driving privileges as a result of certain actions. Employees should report all on-the-job accidents and all moving violations as soon as practical; failing to report an accident or violation should result in suspension of authorization to drive or operate equipment. Certain at-fault accidents could also result in suspension of authorization, at the discretion of the executive director.

Many positions require driving for official business. Employees for whom driving is an essential part of their job and who are no longer eligible to drive according to the policy above should be subject to disciplinary action under Civil Service Rule IX, Maintaining Standards of Service. The organization should not be obligated to find alternative duties for employees who lose driving authorization; alternative duty assignments should only be made when advantageous to the organization and not as a means to protect employees from disciplinary actions under Civil Service rules. Potential employees who are unable to receive driving authorization should be ineligible for certain positions.

Visit the La. Office of Risk Management website for a sample Driver Safety Program.

The State of Louisiana Office of Risk Management has created a Driver Safety Program for all State agencies and these standards can be used as a template.¹¹

¹⁰ Drivers should also re-take defensive driving within ninety days of receiving a moving violation. These remedial courses could be paid for by the employee.

¹¹ See: <http://doa.louisiana.gov/orm/lp.htm>

DEPARTMENT MOTOR POOL

The organization should determine the minimum number of pool vehicles necessary to meet operational requirements. The vehicle coordinator should establish internal procedures for the departmental motor pool operations that meet the organization's needs as efficiently as possible.

Pool vehicles may be assigned to employees for temporary use as take-home vehicles overnight and/or during special events when warranted. Temporary assignments should be approved in writing by the executive director. Employees with an extended temporary take-home vehicle assignment, e.g. two weeks or longer, should be charged a pro-rated take-home vehicle use charge to pay for personal use (such as commuting to and from work) during the period.

Pool vehicle usage and related information should be recorded in a log. Pool vehicle logs are to be kept as permanent records of vehicle use.

The vehicle coordinator is responsible for:

- Assessing pool vehicle use and reviewing vehicle use logs.
- Coordinating vehicle maintenance or other vehicle services.
- Reviewing and assessing fuel dispensing records for pool vehicles.
- Coordinating and assigning pool vehicle parking and storage in conjunction with current employee parking and storage locations and other constraints.

All operators of pool vehicles should be required to report vehicle problems, required maintenance, or other services to the vehicle coordinator.

FUEL USE

Controls over agency owned gasoline/diesel pumps should be adequate to ensure that (1) access to pumps is safeguarded; (2) only agency vehicles are receiving fuel; (3) there is supporting documentation for usage identifying the vehicle and include the odometer readings and pump meter readings; and (4) the supporting documentation is reviewed promptly to ensure that use is reasonable. Supporting documentation should include the number of gallons received, the number of miles traveled, and the miles per gallon.

A policy governing the use of commercial fuel credit cards (e.g., Fuelman Card) should require that a vehicle mileage log be kept for each vehicle. The policy should also require:

- The driver to record all credit card transactions in the vehicle mileage log.

VEHICLE AND EQUIPMENT POLICY, SECTION VII.

- The driver to enter the correct odometer reading in the vehicle mileage log.
- That the credit card only be used for the assigned vehicle.
- Management to review the card statements to ensure that the number of gallons received, miles traveled, and miles per gallon are reasonable.
- Management to compare the vehicle mileage log monthly with the credit card monthly statement.

The vehicle coordinator should be responsible for:

- Auditing all fuel transactions and fuel related operations.
- Monitoring and auditing fuel use reports in order to compare fuel use to operations and or to identify any discrepancies or inconsistencies that may indicate an impropriety.
- Initiating and or conducting investigations for any discrepancy, inconsistency, or impropriety suspected and taking the appropriate action as warranted by the situation.

AUTO ALLOWANCE

The organization should create a procedure for obtaining, tracking, and calculating an auto allowance for eligible, approved use of private vehicles by employees for business purposes. Refer to City of New Orleans CAO Policy Memorandum No. 21(R) for additional policies.

MILEAGE REIMBURSEMENT

The organization should create a mileage reimbursement policy. Both the City of New Orleans and the State of Louisiana have mileage reimbursement policies. City of New Orleans CAO Policy Memorandum No. 9(R) establishes mileage and reimbursements for employee travel in privately owned vehicles for business purposes. Louisiana State policy is located at <http://doa.louisiana.gov/osp/travel/travelpolicy.htm>.

It should be the traveling employee's responsibility to adhere to the policy. It should be also the appointing authority's responsibility to review expenditures and reimbursements to see if they comply with the organization's policy. Refer to CAO Policy Memorandum No. 9(R) for additional policies and procedures.

EMPLOYEE RESPONSIBILITIES

Employees should be responsible and held accountable for vehicles and equipment assigned and/or operated by them.

The employee/operators should be responsible and held accountable for vehicles and equipment assigned and/or operated by them. Each employee/operator should:

- Be responsible for operating vehicles and equipment in a safe and courteous manner consistent with the operating limitations established by the manufacturer, and in accordance with the organization's Vehicle and Equipment Policy.
- Prove that s/he possesses an appropriate, valid driver's license and/or required certification to operate the City vehicles and equipment assigned to them for operation.
- Be responsible for performing customary operator maintenance services in the manner specified.
- Perform pre-trip vehicle inspections in the manner specified before each shift or use cycle begins.
- Be held accountable for vehicle and equipment abuse and misuse, and may be held accountable for repair and service costs resulting from their failure to obtain services and repairs in a timely manner.
- Receive travel authorization to conduct business-related travel outside the greater New Orleans metropolitan area.
- Use safety restraints in compliance with local and state laws; all passengers should also be required to comply with local and state laws.
- Follow established drive/rest ration rules for long distance travel.
- Comply with the organization's guidelines regarding fuel use.

All parking or moving violations are the personal responsibility of the employee/operator.

There are additional responsibilities for employees who are assigned take-home cars. These employees should:

- Be responsible for ensuring that the vehicles and equipment assigned to and/or operated by him/her are delivered for scheduled and/or unscheduled maintenance services as required using the manufacturer's recommended maintenance schedule as a minimum and in a timely manner.
- Be held accountable for ensuring that vehicles and equipment assigned to and/or operated by them are decaled in accordance with Louisiana State Law.

DRIVE/REST RATIO

The organization should develop drive/rest ratio standards and related rules for long distance traveling, if applicable.

OPERATION DURING EMERGENCIES

The organization should develop a policy to protect its vehicle assets during emergencies.

SUBSTANCE ABUSE AND TESTING

The organization's automobiles, trucks, and all other vehicles and equipment for use by authorized organization employees should be free from adverse effects of smoking, drug, or alcohol abuse, whether leased, owned, or used. Employees holding commercial licenses should be required to pass periodic substance tests. All employees who are involved in an accident should take a substance test promptly after the accident.

ACCIDENT PROCEDURES

This procedure should apply to any accident or loss involving any licensed vehicle and all equipment, whether owned, leased or borrowed by the organization, or a personal vehicle of an employee who receives auto allowance and who is on authorized business at the time of the accident.

1. Call police and stay at the scene of the accident until police arrive, unless otherwise advised by police. (An employee should use judgment as to whether the scene is dangerous and whether to seek treatment for an injury.) Obtain the police report item number.
2. Report accident, damage or loss to the vehicle coordinator within 24 hours.
3. Complete vehicle and equipment damage supervisor report form. Particular attention should be given to the following items: time, date and location of accident; description of vehicle of other person(s) involved in accident (including insurance information); description of damages or losses; name of injured person(s); description of how accident or loss occurred (detailed); names and addresses of other occupants of vehicles; diagram of accident; appropriate signatures; any witnesses.
4. The vehicle operator should take a drug and alcohol test promptly.

5. Accident reports are to be completed promptly in triplicate and distributed as follows:

- Employee's own files
- Employee's personnel file
- Vehicle coordinator

Where death or injury has occurred from a vehicular accident, immediately notify the vehicle coordinator by telephone

PUBLIC RECORDS RETENTION AND REQUESTS, SECTION VII.

The organization should create a policy for public records retention that complies with the Public Records Law. The purpose of the Public Records Law is to ensure that public documents are preserved and open to public view. State law defines public records and dictates how they are to be disclosed to the public in La. R.S. 44:1 et seq. The organization may wish to err on the side of caution when deciding to dispose of documents that may be considered public records.

RECORDS RETENTION POLICY

¶ According to the Public Records Law, all persons and public bodies having custody or control of any public record should exercise diligence and care in preserving public records. All public records must be kept for the period or periods of time specified for such public records in formal records retention schedules. Retention schedules are developed and approved by the state archivist and director of the Division of Archives, Records Management, and History of the Department of State.

¶ If a formal retention schedule has not been executed and no period is otherwise prescribed by law, public records should be preserved and maintained for a period of at least three years from the date on which the public record was made.

For assistance with developing a records retention policy see the State Archivist's Records Services at www.sos.louisiana.gov.

DEFINING PUBLIC RECORDS

¶ According to state law, public records include copies, duplicates, photographs (including microfilm), and other reproductions. The following are some examples:

- Books
- Writings
- Accounts and Records
- Letters and letter books
- Photographs, Maps and Drawings
- Tapes and Recordings
- Documentary Materials (regardless of physical form or characteristics, and including information contained in electronic data processing equipment)

Public records must be maintained according to policy and made available upon request.

For more information see La. R.S. 44:1 et seq.

ACCESS TO PUBLIC RECORDS

¶ According to La. R.S. 44:31, except as otherwise provided for by law, any person of the age of majority may inspect, copy, or reproduce any public record, and any person may obtain a copy or reproduction of any public record.

¶ When faced with a request, the burden of proving that a public record is not subject to inspection, copying, or reproduction rests with the organization. A public request need not include the specific name or type of document requested; it is sufficient that requester gives reasonable description of information sought. The request may be made in person during regular business hours or requested by letter.

¶ According to La. R.S. 44:34, certain rules apply if the public record being requested is not currently in the organization's possession. Custodians of public records currently not in the custody of the organization should promptly certify in writing the absence of the record to the requestor. The communication must cite the reason for the absence of the record from the organization's custody or control, the current location of the record, who has current custody or control of the record, and the exact time at which the record was taken from the organization's custody or control to the best of his/her knowledge and belief.

COMMUNICATIONS PLAN

The executive director should develop and maintain a communications plan that describes how the organization will communicate with its various stakeholders. The plan should identify the interested outside parties, how the organization should both speak and listen to each group, and who is authorized to speak for the organization. The plan should also include the role of board members both as “listeners” and as “speakers” for the organization. The communication plan should be shared with the board.

DISASTER RECOVERY AND BUSINESS CONTINUITY PLAN, SECTION X.

Sound business practices and good internal controls require the organization to develop a written disaster recovery/business continuity plan and to test the plan at least annually. The plan should include procedures for maintaining computer systems and the continued operations/functions of the entity.

The plan should also include a recovery plan in the event the entity's facility is unavailable for an extended period of time. The recovery plan should include provisions for obtaining access to an off-site facility where operations can be restored as quickly as possible. The organization should backup computer files daily and store these files offsite.

The organization should establish written policies governing information systems, including monitoring procedures to ensure that the policies are being followed. Policies should include:

- Authorizing internet access
- Delineating what can and cannot be downloaded from the Internet
- Authorizing individual(s) to update internal files on a server
- Defining critical data and non-critical data

The organization should identify what is critical and non-critical data (e.g., payroll vs. e-mail). Changes made to critical data should be logged to document the person making the change, when the change was made, and what was changed. Supervisory review of the propriety of the changes should also be documented. Physical access to the computer room should be restricted. Access to systems, programs, and data should be restricted.

The following duties should be segregated:

- Systems programming (in a small organization, this would probably be an outside consultant)
- Applications programming (e.g., payroll system program or general ledger program)
- Operations (e.g., staff who “run” batch jobs to update data)
- Security administration (e.g., issues and deletes user ID’s)
- End user functions (e.g., runs payroll, enters person for payroll, or set-up pay rates for employees)

The board should create program procedures and policies that are specific to the operations of the organization. These might include leases, development plans, or other activities of the organization. Policies should include how the program fits in with the mission and goals of the organization.