



**Office of Inspector General
City of New Orleans**

**City of New Orleans Miscellaneous Donations Fund and
America's New Orleans Fund Report
OIG-A&R-10FAR001**

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¹ This example policy was obtained from the City of Lynden, Lynden, WA.

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted a review of the accounting and use of non-governmental donations administered by the City. The objective was to determine whether the City accounted for and expended donations appropriately.

The report revealed that:

- The City failed to update its Accounting Policies and Procedures manual, and it lacked a detailed written policy on the proper management and documentation of donations.
- The Director of Finance did not make reports on the Miscellaneous Donations Fund (MDF) activities to the CAO and Council as required by Section 70-415 of the Municipal Code.
- The City of New Orleans was in noncompliance with its internal policy² by placing federal grants that were subject to specific regulatory conditions in the General Fund.

Note: The OIG tested 100% of the \$609,208 in MDF Receipts, and noted that the City was able to provide supporting documentation for all receipts except one totaling \$6,000. All other receipts reviewed were determined to be donations to a particular department within the City, and none of the donations were earmarked by the donor for a particular neighborhood of the City. The table below summarizes the departments receiving the donations.

Table 1: Departments Receiving Donations

Department Receiving Funds	Amount
New Orleans Recreation Department	\$357,118
New Orleans Public Library	119,471
Health Department	86,691
New Orleans Police Department	20,000
New Orleans Fire Department	20,000
Unidentified – City Unable to Locate	6,000
Total	\$609,280

² The City's unwritten policy requires federal and state grants to be placed into a special revenue fund.

I. BACKGROUND

In the aftermath of Hurricane Katrina (Katrina), recovery money from across the world was given to private entities and non-profits across the City to help Katrina victims and the City rebuild after the worst natural disaster in the history of the United States. These organizations then determined how to best use the funds. One example of a donation made to a private entity is the \$100 million donated by Qatar. However, since these donations were to private entities and organizations and were not remitted to the “City of New Orleans”, they fell outside of the scope of the review and the Office of Inspector General’s (OIG) jurisdiction.

Former Mayor Ray Nagin and other City officials established a not-for-profit entity under paragraph 501(c)(3) of the Internal Revenue Code called the America’s New Orleans Fund, Inc. (ANOF) to manage certain unrestricted donations the City received following the storm. ANOF was organized to assist and support victims of Hurricane Katrina. It was managed by a seven member Board of Trustees, which was independent from the City. Additionally, the Greater New Orleans Foundation (GNOF)³ helped the ANOF board determine where money was needed. Between 2005 and 2010 the fund collected and disbursed roughly \$1.2 million that focused on children’s health.⁴ The Board dissolved in April of 2010 when all existing board members resigned. As of June 30, 2010, the ANOF had \$4,863 remaining in its bank account.

In May of 2006, several months after the founding of the ANOF, the City established the Miscellaneous Donations Fund (MDF)⁵ to accept future donations to the City. As of June 30, 2010, the MDF received \$609,280 from approximately 40 donors and had an ending balance of \$340,021. Approximately \$270,000 of donation expenditures were spent on various projects such as the Department of Health’s Head-off Environmental Asthma in Louisiana (HEAL) Project, a project addressing childhood asthma in post-Katrina New Orleans and the Department of Recreation’s 2008 youth football season. See Table 1 for money received and disbursed by the MDF by year.

Table 2: Miscellaneous Donations Fund Summary by Year

Year	Received ⁶	Disbursed ⁷	Remaining Balance
2006	\$ 4,424	\$ 1,559	\$ 2,865
2007	369,969	56,205	313,764
2008	21,552	127,095	(105,543)
2009	208,335	72,851	135,484
2010	5,000	11,548	(6,548)
TOTAL	\$609,280	\$ 269,258	\$340,022

³ The Greater New Orleans Foundation was one of the oldest and largest philanthropic organizations in the region.

⁴ See Appendix for a list of grant recipients.

⁵ MDF is a governmental special revenue fund located within the City’s general ledger.

⁶ See Appendix for receipt detail.

⁷ See Appendix for disbursement detail.

In addition to the money managed by the ANOF and the MDF, the City received and deposited approximately \$1.82 million into the General Fund from other donations, contributions and grants between September 2005 and June 30, 2010.⁸ The donations disbursed out of the General Fund during this five-year period cannot be tracked due to their unrestricted nature.

⁸ The City reported the balance annually as a line item in the Statement of Net Assets.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objective of the review was to determine whether the City:

- Managed and used donations in an efficient, effective and economical manner;
- Administered donations in compliance with applicable laws, regulations, policies and procedures;
- Administered donations in compliance with the donor's wishes; and
- Implemented internal controls to prevent or detect material errors and irregularities.

The scope of the review covered the period from September 1, 2005 through June 30, 2010. To accomplish the review's objectives, the following methodology was used:

- Conducted interviews with City employees responsible for the receipt, dispersal and accounting of donations to the City;
- Reviewed City policies and procedures;
- Tested the accuracy of the receipt by confirming donor information, amount and restrictions;
- Tested the appropriateness of the disbursements by confirming disbursements complied with donor's restrictions. Auditor judgment was used to determine the appropriateness of a tested disbursement when the donor was not specific about the restriction⁹;
- Reviewed ANOF board minutes, bank statements, canceled checks and audited financial statements;
- Reviewed State legislation; and
- Reviewed City ordinances.

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

A finding indicates a material or significant¹⁰ weakness in controls or compliance that was not detected or corrected by the City in the normal course of performing its duties.

Findings in a performance audit¹¹ can be *any one or a combination* of the following:¹²

1. Significant deficiencies in internal control,
2. Fraud and illegal acts,
3. Violations of contract and grant agreements and/or
4. Abuse.

⁹ Certain donors specified the department that the donation was intended for, but did not specify any other restriction on the donation.

¹⁰ Significance is a "judgment call" by the auditor and is usually based upon the frequency and magnitude of the deficiency.

¹¹ This audit is not a performance audit; but this same definition of a finding was used throughout.

¹² General Accounting Office. (July 2007 Revision). *Government Auditing Standards* (p. 165) United States Government Accountability Office by the Comptroller General of the United States.

Computer-processed data was provided and relied on, which detailed information on actual City donation receipts and disbursements for the period of the audit. Although a formal reliability assessment of the computer-processed data was not performed, the auditors determined that hard copy documents were reasonable and generally agreed with the information contained in the computer-processed data. No errors were found that would preclude us from using the computer-processed data to meet the audit objectives or that would change the conclusions of this report.

III. FINDINGS

Background: As of June 30, 2010, the MDF received \$609,280 from approximately 110 donation receipts from approximately 40 donors and had a remaining balance of \$340,021. In sampling 30 donation receipts, the auditors noted that none of the donors had provided a letter restricting the use of their donation. However, the auditors observed that 17 donors, or 57% of the sample, indicated directly on the check how or where they wanted their donation used. For example, checks were written to the New Orleans Department of Recreation or the New Orleans Department of Health. These donations were deposited into the MDF and the department receiving the donation was required to monitor the MDF. The City did not provide any further guidance as to the acceptance and use of these donations at the departmental level.

Other donations received by the City did not provide letters or indicate restrictions on the check for the donations' use. As such, donation checks written to the City of New Orleans were deposited in the City's General Fund and expenditures related to these unrestricted donations were not required to be isolated in the City's General Fund. The unrestricted donations were comingled and were reported along with other contributions and grants received by the City.

The City was unable to determine the amount of money from unrestricted donation money expended out of the General Fund; but could determine that it received a total of \$1.82 million from unrestricted donations, contributions and grants between September 1, 2005 and June 30, 2010.

Finding # 1

Background: Employees in the department receiving the donation entered the information into the City's accounting software. The employees entering the information were not trained or instructed on proper input or record keeping.

Condition: The City's Accounting Policies and Procedures Manual was not updated subsequent to February 18, 1998; therefore, there were no instructions in the manual outlining the proper procedures for recording donations in the MDF (created in 2006). Additional funds have been established since the manual's last revision. The City lacked a detailed written donations policy on the proper management and documentation of donations resulting in inadequate management and documentation of donations.

Recommendation: The City should update its Accounting Policies and Procedures Manual, and develop and implement a detailed policy on the proper management and documentation for the receipt of donations in the MDF. The policy should address who is responsible for:

- Ensuring funds are deposited into the proper accounts;
- Ensuring donor information is properly recorded;
- Ensuring proper City officials are informed of the donations;

- Ensuring timely reports are made (quarterly to the Council);¹³
- Ensuring that expenditures are consistent with requirement(s) placed by donor; and
- Ensuring that donations are suitably acknowledged by providing the donor with an acknowledgment letter to support the donor’s tax deduction.¹⁴

The policy should clearly outline proper use of unrestricted donations. Donations should not be used on items normally disallowed by the City such as reimbursement of parish sales tax, gas refueling, and expenses that could be excessive and/or are not the most efficient use of funds.

The City should also consider the use of a donation receipt form to assist in the City’s record keeping process. A donation receipt form may also help educate donors on the possible areas in need of the donations. See appendix D for an example of a donation receipt form.

The City should consider sending acknowledgement letters upon receipt of a donation. The IRS requires that donors obtain a written acknowledgement for any single contribution of \$250 or more.¹⁵ Although it is the donor’s responsibility to obtain a written acknowledgement of the contribution, the City can assist the donor by providing a timely, written statement containing the following information:

- City’s name and address;
- Date of the contribution;
- Amount of any cash contribution;
- Restriction or lack of restriction on use;
- Description (but not the value) of non-cash contributions¹⁶; and
- Statement that the City did not provide any goods or services in return for the contribution.

City’s Response: *“The City will update its Accounting Policies and Procedures and implement a policy on the proper management and documentation for the receipt of donations by the end of the 2011.”*

Finding # 2.

Condition: The Director of Finance did not make reports on the MDF activities to the CAO and Council as required by Section 70-415 of the City Code.

City Code Section 70-415.227 stated, “The director of finance shall keep detailed and accurate books in the administration of the fund shall make reports to the chief administrative officer and the council, giving a complete accounting of the revenues and expenditures of the fund as often as requested, but not less than quarterly.”

¹³ City Code Sec. 70-415.227 required the director of finance to make reports to the chief administrative officer and council not less than quarterly.

¹⁴ The IRS required that donors obtain a written acknowledgement for any single contribution of \$250 or more per the IRS Publication 1771, *Charitable Contributions – Substantiation and Disclosure Requirements*.

¹⁵ Per IRS Publication 1771, *Charitable Contributions – Substantiation and Disclosure Requirements*.

¹⁶ Ibid.

Recommendation: The Director of Finance should prepare a quarterly report on the MDF for the CAO and Council along with the other required financial reports as mandated by the City Code. Quarterly reports will help improve the oversight of the MDF.

City’s Response: “The Director of Finance will develop a report on the Miscellaneous Donation Fund for distribution to the CAO and Council. The report will be included with the other financial reports which are presented monthly at the City Council’s Budget Committee starting with third quarter of 2011 in October 2011.”

Finding # 3.

Condition: The City of New Orleans was in noncompliance with its internal policy by placing grants that were subject to specific regulatory conditions in the General Fund. Two grants comprising six¹⁷ (20%) of the 30 receipts sampled were subject to regulatory requirements, and therefore should have been placed in a special revenue fund. These two federal source grants were not readily identified for inclusion in the City’s Schedule of Federal Expenditures.¹⁸ These grants were as follows:

Table 3: Federal Grants Deposited in the General Fund

Donor	Amount	Fund Deposited
Constella Group, LLC (Heal Project)	\$209,175	General Fund
Unity of Greater New Orleans Nurse Practitioners (Healthcare for the Homeless)	\$77,139	General Fund
Total	\$286,314	

Recommendation: The City should determine the original source of grant funds prior to coding into the general ledger system and account for any proceeds of specific revenue sources (other than those identified as excluded) that are legally restricted in a special revenue fund. All donations received by a specific department should be reconciled to verify that all funds are accounted for and used appropriately.

City’s Response: “The city will determine the source of funds prior to coding grants into the general ledger system.”

OIG Response: After determining the source of the funds, the City should use a special revenue fund to account for federal grants that are legally restricted.

¹⁷ The City was unable to provide support for two receipts which could potentially be grants subject to regulatory conditions.

¹⁸ The Schedule of Federal Awards is presented in the City’s external audit of federal funds under the Single Audit Act.

IV. OBSERVATIONS

Observation #1:

Condition: The ANOF had a remaining balance that was dormant and incurring bank fees. All ANOF board members resigned in April of 2010. Without a board to appropriate the money, donation money remained unused and inaccessible to anyone. As of June 30, 2010, the ANOF had \$4,863 remaining in its bank account.

Recommendation: The City should appoint a new board to transfer or appropriate the money remaining in the ANOF and properly dissolve the corporation, if necessary.

City's Response: *"The City will take necessary steps to resolve this concern."*

OIG Response: The City's response fails to specify what steps will be taken to "resolve this concern."

Observation #2:

Condition: The donations process was decentralized, which resulted in restricted funds going unused to complete authorized projects.

Recommendation: The City should reconcile donations received by the departments with the donations documented by the Accounting Department to verify that all funds are being used for authorized projects.

City's Response: *"The City will reconcile donations received and submit a report to the CAO and City Council on a quarterly basis."*

Observation # 3.

Condition: Certain donation disbursements appeared to be a questionable use of funds.

Recommendation: The City should develop and implement a detailed policy on the proper management and documentation of the expenditures of donations from the MDF which should include expenditures specifically disallowed.

City's Response: *"The City will ensure that expenditures from the MDF are in line with policies and procedures beginning in January 2012."*

OIG Response: This recommendation can and should be adopted immediately by issuance of a policy memorandum and/or review of expenditures from the MDF.

Observation # 4.

Condition: In a sample of 30 donations received, the auditors noted 14 exceptions (47% of the sample) where non-accounting City employees failed to input or incorrectly input donor information.

The OIG was able to ascertain donor information for \$553,280 of the \$609,280 (or 90.8%) of MDF donations received; however, City employees failed to input any donor information for eleven out of the 14 exceptions and input incorrect donor information for three of the remaining exceptions.

Recommendation: The City should develop and implement a detailed policy on the proper management and documentation of the expenditures of donations from the MDF which should include recording the donor's name.

City's Response: *"The City will include management guidelines in its Accounting Policies and Procedures beginning in January 2012."*

Observation #5

Condition: The City of New Orleans was in violation of the City Code by placing donations that were not subject to specific regulatory conditions in the General Fund and not the MDF. Five of the 30 donations sampled (17%) were not subject to any regulatory requirements, and therefore should have been placed in the MDF, not the General Fund.

City Code Section 70-415.226 stated, "All miscellaneous donations received by the city that are not subject to specific regulatory conditions shall be placed in the fund¹⁹. Expenditures from the fund shall be made to fund the purposes for which the donations were made and through the department responsible for such undertaking, unless unrestricted donations to the general fund."

Recommendation: The Code Section is unclear. However, as a best practice, all donations should be placed in the MDF.

City's Response: *"City Code Section 70-415.226 stated, "All miscellaneous donations received by the city that are not subject to specific regulatory conditions shall be placed in the fund." Section 70-415.226 goes further to allow "unrestricted donations to the general fund." The City will follow the code as stated by placing miscellaneous donations in the Miscellaneous Donation Fund."*

OIG Response: This observation was originally identified as a finding in the City's draft. After reviewing the City's response, the finding was changed to an observation due to the lack of clarity in the City Code.

The City's Code Section 70-415.226 needs clarification as to when unrestricted donations can be put into the General Fund.

¹⁹ The code is referring to the MDF.

IV. CONCLUSIONS

The review revealed certain weaknesses that if corrected could improve the management of the MDF. We recommend that the City develop and implement a detailed policy on the proper management and documentation for the receipt of donations in the MDF. The policy should address who is responsible for:

- Ensuring funds are deposited into the proper accounts;
- Ensuring donor information is properly recorded;
- Ensuring proper City officials are informed of the donations;
- Ensuring timely reports are made (quarterly to the Council);
- Ensuring that expenditures are consistent with requirement(s) placed by donor; and
- Ensuring that donations are suitably acknowledged by providing the donor with an acknowledgment letter to support the donor's tax deduction.

Additionally, the City should periodically update the Accounting Policies and Procedures Manual so that it addresses new funds such as the MDF in a timely manner.

We recommend that the City provide better oversight of the MDF by complying with the City Code requiring the Director of Finance to provide financial reports to the CAO and Council as often as requested but no less than quarterly. Such oversight would improve the City's understanding of the MDF. It would also ensure that donations are used properly and timely.

The City should determine the original source of grant funds prior to coding into the general ledger system and account for any proceeds of specific revenue sources (other than those identified as excluded) that are legally restricted in a special revenue fund. All donations received by the departments should be reconciled to verify that all funds are accounted for and used appropriately.

The City should appoint a new board to transfer or appropriate the money remaining in the ANOF and properly dissolve the corporation, if necessary.

The findings, observations and recommendations in this review serve to assist the City in improving the City's management of donations which benefit the entire City.

V. APPENDIX

Table A: ANOF Recap

ANOF Grant Recipient	Disbursed 2006 and 2007	Disbursed 2008	Disbursed 2009	Disbursed 2010	TOTAL Disbursed
New Orleans Children's Health Project	\$ 100,000	\$ 93,488	-		\$ 193,488
LSU Health Sciences Center's Psychiatry Department	100,000	93,488	-		193,488
Children's Bureau of New Orleans	100,000	93,488	-	\$ 65,000	258,488
Family Service of Greater New Orleans	99,961	93,487	-		193,448
Kingsley House, Inc	99,170	93,487	-		192,657
The Choice Foundation -- Lafayette Academy Charter School	23,800	-	-		23,800
Admin and Professional Fees	16,045	2,595			18,640
University of Sydney - Blakely ²⁰	100,000				100,000
Other Charges and Bank Fees ²¹	5,740	20			5,760
Total Disbursed	\$ 644,716	\$ 470,053	-	\$ 65,000	\$ 1,179,769
Remaining Balance in ANOF					\$ 4,863

²⁰ The ANOF paid \$ 100,000 to the University of Sydney (in Australia) to "borrow" Ed Blakely, who took a leave of absence and remained chairman of the Urban and Regional Planning at the university's architecture school in 2007 and 2008 per a Times-Picayune article by David Hammer dated April 23, 2009. The board of the ANOF approved this payment.

²¹ Includes approximately \$4,200 in conversion fees on the \$100,000 paid to the University of Sydney.

Table B: Listing of MDF Receipts

Donor ²²	Amounts Received	Donor	Amounts Received
One Family Foundation	150,000	National Healthy Association	1,000
		New Orleans Jazz and Heritage Festival	1,000
Gulf Coast Libraries Project	119,471		
Walmart-Sams	65,600	Entergy	750
Merck	60,000	Alpha Phi Alpha	500
Greater New Orleans Expressway Commission	50,000	Bureau of Governmental Research	500
NO Saints	15,600	Noble & Greenough	500
Wal-Mart	15,000	Xerox	459
Joint Center for Political & Economic Studies	14,000	Asante Awards	300
National Football League Youth Football Fund	13,100	One New Orleans Foundation	270
Cabrini High School Dads Clubs	12,898	Kiwanis District Foundation	250
Bertucci Industrial Services	7,500	Penn State	150
Dick's Last Resort	5,750	100 Black Men	100
Bobcat's Basketball, LLC	5,000	Castnet Seafood	100
Louisiana Primary Care Association	2,500	Greater New Orleans Foundation	93
Tom Benson	2,500	Brake the Cycle of Poverty	50
Pfizer	2,000	Dr. Mosanda Mvula	25
International Medical Corporation	1,924	Keisha Rogers	10
Wal-Mart Foundation	1,700	Unidentified ²³	56,000
FDA Production	1,450	Total	\$609,280
American College of OBGYN	1,230		

²² Donor descriptions and amounts were determined based on the supporting documentation provided by the City of New Orleans.

²³ The City was unable to locate support showing the donor information.

Table C: Detail Listing of MDF Disbursements²⁴

Recipients²⁵	Amounts	Recipients	Amounts
A Perfect Pitch	\$624	Ives Business Forms, Inc.	\$7,828
A.M.E. Services, Inc.	228	Jacobs Concrete and Dump truck Service	350
A-1 Home Appliance Center, Inc.	550	Janice Landry	24
AAAAI	800	Karen Whitaker	14
Alfred Cousin	132	Kenneth Dykes, Sr.	2,664
Alfreda Porter	137	Kenneth Miles	154
All Sports America, LTD	7,284	Kippers Communications, Inc.	495
American Public Health Association	510	Kroll Laboratory Specialists	54
Anthony Boyd	428	Lillian Lioeanjie	123
Arthur J. Williams, III	1,224	Louisiana Children's Museum	300
Bella Brew	46	Louisiana Garment	504
Benedic Baptiste	384	Margaret (Peggy) Sanders	471
Bernard Roberson	2,184	Modern Parents Magazine	1,000
Best Buy Gov, LLC	1,089	Mosanda M. Mvula	1,291
Blue Print Films	525	New Orleans Medical Association	550
Brandon Spann	3,263	New Orleans Stallions	7,360
Camellia Corp.	993	Occupational Health Centers of Louisiana	45
Casco Industries, Inc.	19,869	Orleans Parish Criminal Sheriff's Office	13,260
Champion Graphic Communications	113	Party City Holdings, LLC	65
Claire E. Hayes	730	Platinum Coaches, LLC	3,537
Clinton Steward	2,088	Rebekah Belayneh	208
Clover Fence and Deck, Inc.	15,750	Richardo Brock	3,840
Conrad Bias	93	Roeling F. Byrnes	356
Daily Bread Enterprises, LLC	640	RPM Pizza, LLC	1,813
Damon V. Williams	576	Sabrina Summers	4
Daughters & Dad Printing, Inc.	400	Schofield Enterprise, L.L.C.	385
Dell Marketing, LP	7,719	Sprint Together with NEXTEL	1,032
Doryne Sunda-Meya	214	Staples Sporting Goods Inc.	3,548

²⁴ The OIG tested \$150,952 of the \$269,260 (56%) of the MDF Disbursements. Based on this sample, we determined that some of the \$269,260 in disbursements could be a questionable use of funds as indicated in Observation #3, but noted none of the \$150,952 tested actually violated the donor's restriction. Disbursements often included reimbursements for supplies and equipment purchased for NORD.

²⁵ Recipient names and amounts were obtained directly from the City of New Orleans' Finance Department.

Table C: Detail Listing of MDF Disbursements (continued...)

Recipients	Amounts	Recipients	Amounts
Eddie's Ace Hardware	44	Sterling Sanders	1,032
Educator, Inc.	926	Superior Imprints	2,324
Eldon J. Harris	286	Tamika Edwards	38
Enoch Banks	2,232	Team Express	20,174
Esneault Inc.	31,216	The Original Italian Pie	1,177
Event Rental	260	The Times-Picayune	133
Faber Awards, Inc.	3,650	The Youth Inspirational Connection	1,000
FedEx Kinko's	310	United Cabs Inc	677
Freddie Williams	168	Villere's Florist	93
Grainger, Inc.	3,310	W&W Trophy House	1,896
Greater New Orleans Senior Olympics	375	Wal-Mart Stores, Inc.	1,000
Hahn Enterprises, Inc	20,000	Wee Bounce Inflatables, LLC	119
Hampton Inn & Suites	181	Winn Dixie Store, Inc	115
Health Edco	308	WM Monroe Co, LLC	16,250
Henry Grant	58	Xerox Capital Services LLC	18,483
HoneyBaked Ham	61	ZEA St Charles, LLC	5,712
		No Description provided	15,786
TOTAL			\$ 269,260

Donation Receipt from [Organization Name]

Questions? Contact the [name of organization] at [phone number].

Donor name	
Address	
City	
State/Province	
Postal code	
Phone	
Total pledge amount	

Type of donation	[Donation, merchandise, service]
Description	[details of merchandise or service]
Value	[value of merchandise or service]

Thank you for your generous support!

CITY OF LYNDEN

POLICY TITLE: COMMEMORATIVE DONATION PROGRAM

POLICY NUMBER: AD - 30

PROPOSED BY: ADMINISTRATION

**DATE APPROVED
BY COUNCIL:**

PURPOSE:

Donations are important to the vitality of the Parks Department, and to the City and its mission to preserve, enhance and strengthen the quality of life in the community. The following document defines and establishes a process for accepting donations and memorials for the City of Lynden. Citizens wishing to commemorate an anniversary, celebrate a new birth, or honor the memory of a loved one may request that trees, benches, playground equipment, etc. be placed in specific sites, subject to: a) approval by the City; b) consistency with City and Park plans; and c) current aesthetic needs. Further, the City reserves the right to remove any and all donated items at any time.

POLICY:

Department Responsibilities:

Each Department affected shall be responsible for accepting or denying donations based on the plans and needs of their Department, and making sure that such donations are consistent with this policy.

It is the Department's responsibility to:

- ensure that funds are deposited into the proper accounts;
- ensure that proper City officials are informed of the donations and that the donation fits current City needs in relation to landscape structure or development plans;
- ensure that the donations are suitably acknowledged;
- ensure that timely reports are made (reports may be made monthly or quarterly to Council and may be presented to Council in a ceremonial format, if desired);
- ensure that expenditures are consistent with requirements placed on donor and donations; and
- provide receipts for tax purposes.

Commemorative Donation Guidelines:

Site Specific Requests

In order to maintain a balance in the placement of donations such as benches, trees and playground equipment, etc. in areas where people congregate, wait, rest or engage in social activity, all site specific requests must be approved by the departments that have jurisdiction over the site and must be consistent with the City and Parks Master Plan. Site specific locations include: public facilities, parks and thoroughfares.

Recognition Plaques

While the City respects the desire of individuals to remember their loved ones, it also recognizes the desire of community members not to be burdened with a constant reminder of death in public places. Therefore, care must be taken to recognize and remember loved ones in a discreet manner. Recognition plaques and signage shall be discreetly placed and planned to avoid conflicts.

Plaque requirements are as follows:

1. Size of plaque may not exceed 14” in length x 4” in height x 1/4” in thickness.
2. The City will not be responsible for replacement if damaged or vandalized.
3. The number of lines on a plaque will not exceed three, the number of spaces will not exceed 40 per line, and the wording may include:
 - a) Date
 - b) “Dedicated to (name) (year)”
 - c) “Donated by (name) (year)”
 - d) “Commemorating the (year) Anniversary of (event), or
 - e) “In recognition of ...”

Commemorative Bench Donations

Citizens wishing to commemorate an event or recognize a loved one may purchase pre-approved benches that are available in a range of prices.

Request - To make a commemorative bench request, the Donor must complete an application form and submit it to Parks and Recreation. Parks and Recreation will forward the application to the Department in whose jurisdiction the donation will be made.

Donors may purchase the pre-approved benches themselves or include a check with the application for the amount designated.

Recognition - Upon receipt of the application, the department will respond to the Donor with a letter signed by the Mayor that includes the identification of the individual or event to be recognized/honored and the site location of the bench.

A plaque may be discreetly placed on the back of the bench in accordance with the standards set forth above.

(See attached "Application for Commemorative Bench Donation")

Commemorative Living Tree Donation

Donors wishing to commemorate a person or event may wish to participate in the Commemorative Living Tree Program. The Commemorative Living Tree program enables citizens to have trees planted within the city parks and thoroughfares in celebration of a special event or the life of an individual.

Request - To make a commemorative tree donation request, the Donor must complete an application form and submit it to Parks and Recreation. Parks and Recreation will forward the application to the Department in whose jurisdiction the donation will be made.

The type and size of the tree must be pre-approved by the department. Donors may purchase the tree and have it planted themselves, or they may include a check with the application for a designated amount (that will include the cost of the tree and the cost to plant the tree).

Recognition - Upon receipt of the application, the department will respond to the Donor with a letter signed by the Mayor that includes the identification of the individual or event to be recognized/honored and the site location of the tree.

See attached "Application for Commemorative Living Tree Program")

Other Commemorative Donations

Donors wishing to commemorate a person or event may wish to participate in the Commemorative Donation Program. The Commemorative Donation Program enables citizens to donate items, such as playground equipment, to the City in celebration of a special event or the life of an individual.

Request - To make a commemorative donation (other than trees or benches) request, the Donor must complete an application form and submit it to Parks and Recreation. Parks and Recreation will forward the application to the Department in whose jurisdiction the donation will be made.

The proposed donation must be pre-approved by the department in whose jurisdiction the donation would be located.

Recognition - Upon receipt of the application, the department will respond to the Donor with a letter signed by the Mayor that includes the identification of the individual or event to be recognized/honored, the name of the item donated and the location for such donated item.

(See attached "Application for Commemorative Donations other than Trees or Benches")

Exceptions to Standard Procedures

If the donation creates any of the following conditions, a staff report must be submitted to and approved by the City Administrator, prior to acceptance:

1. Does it create an immediate or initial City expenditure of \$500 or more which has not been included in the approved City budget? This pertains both to a direct outlay of City funds or to the use of City staff, resources and materials.
2. Does it create an annual City maintenance obligation of \$1000 or more which has not been included in the approved City budget?
3. Does it materially affect or change any aspect of City operations?
4. Unless otherwise stated in a contract, the Donor shall give up ownership rights; right to alter, move or remove said donations without reservation, and maintenance obligation rights.

Acknowledgement of Donations

Methods of recognition vary according to categories of giving. Recognition may be as simple as a thank you letter, certificate of recognition or a tax receipt for tree donations; or, in the case of benches and other large donation items such as playground equipment, etc., Council recognition or plaques may be provided.

Section III

I understand that:

1. My donated item must be approved by the City of Lynden Department that has jurisdiction over the selected site for the location of my donation.
2. My site selection must be approved by the City of Lynden Department that has jurisdiction over the site;
3. The City will not be responsible for replacing any damaged or vandalized donated items.
4. The City of Lynden reserves the right to remove any and all donated items at any time.
5. The City of Lynden will provide a full refund of funds submitted by donor should the City be unable to fulfill Donor's request for a Commemorative Donated item.

Donor's signature: _____

Date: _____

Please submit completed application to:

City of Lynden
Parks and Recreation Department
323 Front Street
Lynden, WA 98264

******(The following is for City use only.)******

CITY OF LYNDEN
RESPONSE TO APPLICATION
FOR
COMMEMORATIVE DONATION

City Department with Jurisdiction: _____

Section I

_____ Application for Commemorative Donation has been approved as follows:

Description of Item to be donated: _____

Approved Location for donated item: _____

_____ Donor will purchase and/or provide and deliver approved item to approved site.

_____ Check in the amount of \$ _____ has been received and the City will purchase and install approved item in approved location.

Section II

_____ Application for Commemorative Donation has been denied because:

Signature of Department Head

Date

VII. OFFICIAL COMMENTS FROM THE CITY

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

An Internal Review Copy of this report was distributed on May 31, 2011 to the City to provide an opportunity to comment on the report prior to the public release of this Final Report. The City’s comments were due from the City on June 30, 2011 and received by the OIG on July 6, 2011; these comments were included in the body of this report and attached behind Section VII.

Note: Due to certain responses made by the City in its correspondence dated July 6, 2011, the OIG requested additional grant information which resulted in Finding #3. The response from the City regarding this additional finding was received on September 1, 2011.

CHIEF ADMINISTRATIVE OFFICE
CITY OF NEW ORLEANS

MITCHELL J. LANDRIEU
MAYOR

ANDREW D. KOPPLIN
FIRST DEPUTY MAYOR & CAO

July 6, 2011

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

RESPONSE TO OFFICE OF THE INSPECTOR GENERAL'S CITY OF NEW ORLEANS MISCELLANEOUS
DONATIONS FUND AND AMERICA'S NEW ORLEANS FUND REPORT

Dear Mr. Quatrevaux:

Thank you very much for your office's review of the City's Miscellaneous Donation Fund. As stated in the report in 2006, the City established the Miscellaneous Donation Fund to receive expected donations as a result of Hurricane Katrina. The OIG's report documents that the City directly received a small fraction of the philanthropic dollars which poured in. The reports suggest and we are in agreement that some accounting policies and procedures should be strengthened.

Finding #1

The City will update its Accounting Policies and Procedures and implement a policy on the proper management and documentation for the receipt of donations by the end of the 2011.

Finding #2

The Director of Finance will develop a report on the Miscellaneous Donation Fund for distribution to the CAO and Council. The report will be included with the other financial reports which are presented monthly at the City Council's Budget Committee starting with third quarter of 2011 in October 2011.



Finding #3

City Code Section 70-415.226 stated, "All miscellaneous donations received by the city that are not subject to specific regulatory conditions shall be placed in the fund." Section 70-415.226 goes further to allow "unrestricted donations to the general fund." The City will follow the code as stated by placing miscellaneous donations in the Miscellaneous Donation Fund.

Observation #1:

The City will take necessary steps to resolve this concern.

Observation #2:

The City will reconcile donations received and submit a report to the CAO and City Council on a quarterly basis.

Observation # 3:

The City will ensure that expenditures from the MDF are in line with policies and procedures beginning in January 2012.

Observation # 4:

The City will include management guidelines in its Accounting Policies and Procedures beginning in January 2012.

Sincerely,

A handwritten signature in cursive script that reads "Andrew D. Kopplin for A. Kopplin as verbally instructed".

Andrew D. Kopplin
First Deputy Mayor / Chief Administrative Officer