



# FINAL REPORT

## ORLEANS PARISH COMMUNICATION DISTRICT CREDIT CARDS AUDIT

**APRIL 6, 2023**

Edward Michel, CIG  
Inspector General





April 6, 2023

Re: Orleans Parish Communication District Credit Cards Audit Final Report

I certify that the inspector general personnel assigned to this project are free of personal or other external impairments to independence.

Edward Michel, CIG  
*Inspector General*

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The Office of Inspector General (OIG) for the City of New Orleans (City) conducted a performance audit of the Orleans Parish Communication District (OPCD). The objective of the audit was to determine if:

- OPCD credit card expenditures were business-related and allowed by law, and
- OPCD credit card purchases were compliant with relevant OPCD policy, laws, and other best practices.

The scope of the audit was all OPCD credit card transactions during the period January 1, 2019 through December 31, 2021.

The audit of OPCD credit card purchases resulted in the following findings:

- Credit card purchases were not approved in accordance with OPCD policy for 44% of the credit card transactions tested, totaling \$220,321, during the three-year scope period.
- Receipts were not uploaded to the credit card management system in a timely manner for 33% of the credit card transactions tested, totaling \$204,847, during the three-year scope period.
- OPCD used public funds to purchase \$7,769 in goods and services that appeared to lack a public purpose and may have violated the Louisiana Constitution. When projected to the population, OPCD incurred expenses of \$30,306 which appeared to lack a public purpose during the three-year scope period.
- OPCD did not follow Louisiana Public Bid Law when making purchases related to generator repairs and maintenance, totaling \$83,065.
- OPCD did not provide support to show that purchases were solicited in accordance with OPCD policy, totaling \$530,383, during the three-year scope period.

Based on these findings, the OIG made the following recommendations to OPCD:

- OPCD should provide training to employees to ensure compliance with its policies.
- OPCD should amend its credit card policy to establish a time frame for supporting documentation to be uploaded into the credit card

management system. This time frame should require documents to be uploaded before the statement due date.

- OPCD should provide training to employees to ensure purchases comply with the Louisiana Constitution's prohibition of the donation of public funds.
- OPCD should provide training to employees to ensure purchases comply with the requirements of Louisiana Public Bid Law, including procedures for emergency events.
- OPCD should provide training to employees to ensure compliance with its purchasing policy and all required support is clearly documented and maintained in the procurement system. OPCD should also ensure that all policy updates comply with relevant laws and best practices.

The OIG noted OPCD's credit card and purchasing policies were adequate and met the minimum requirements of the Louisiana Legislative Auditor's Best Practices.<sup>1</sup> In addition, OPCD employees provided written descriptions of their credit card purchases that were consistent with the type of transaction for all credit card charges tested in accordance with policy. OPCD management should continue to update its policies for compliance with best practices and provide OPCD employees adequate training to ensure they understand and comply with OPCD policies and procedures.

On February 16, 2023, the OIG distributed an Internal Review Copy of this report to OPCD so they would have an opportunity to comment on the report prior to the public release of this Final Report. The OIG received OPCD's comments on March 20, 2023.

OPCD agreed with Finding 1, disagreed with Finding 2, did not agree or disagree with Finding 3, and fully disagreed with Findings 4 and 5. However, OPCD agreed to implement all of the OIG's recommendations which included conducting annual trainings on the credit card and purchasing policies, revising its credit card and travel policies, and adding references to specific contract numbers in their procurement system.

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<sup>1</sup> The Louisiana Legislative Auditor provides best practices to help governmental entities create their own written policies and procedures. These best practices can be found at: <https://lla.la.gov/resources/local-government-reporting/best-practices>.

## I. INTRODUCTION

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OPCD is a political subdivision of the State of Louisiana (State) established by Act 155 of the 1982 Regular Session which provides emergency 9-1-1 services throughout Orleans Parish. OPCD receives funding through a Cooperative Endeavor Agreement (CEA) with the City. OPCD and the City negotiated a CEA which consolidated 9-1-1 call taking and dispatching under one entity in 2016.<sup>2</sup> The CEA with the City was amended, effective January 2019, adding management of the City's 3-1-1 services to OPCD's already existing 9-1-1 services.<sup>3</sup> OPCD receives revenue from a state-imposed 9-1-1 surcharge on telecommunication devices and accounts, and may receive funding by direct appropriation from the State.

The OIG conducted a City-Wide Risk Assessment in 2019 and 2020. Based on those risk-assessment procedures, the OIG included OPCD among the top ten riskiest entities within the City.<sup>4</sup> The OIG determined this risk partially as a result of concerns raised by external auditors in OPCD's 2018 and 2019 Annual Financial Reports and the accompanying Agreed Upon Procedures. The concerns related to credit cards and Louisiana Public Bid Law included, but were not limited to the following:

- "The monthly statements or combined statements for the five months selected for testing were not reviewed and approved, in writing, by someone other than the authorized cardholder."<sup>5</sup>
- "Six (6) of the forty-one (41) transactions selected for testing did not have the original itemized receipt to support purchase."<sup>6</sup>
- "Eight (8) of the forty-one (41) transactions selected for testing did not have written documentation of the business/public purpose."<sup>7</sup>

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<sup>2</sup> Cooperative Endeavor Agreement Between City of New Orleans and Orleans Parish Communication District Consolidation of the 9-1-1 Call Center, Effective April 13, 2016.

<sup>3</sup> Cooperative Endeavor Agreement Between City of New Orleans and Orleans Parish Communication District Consolidation of the 9-1-1 Call Center, Effective December 28, 2018.

<sup>4</sup> New Orleans Office of Inspector General, City of New Orleans City-Wide Risk Assessment, Issued February 10, 2021.

<sup>5</sup> Duplantier, Hrapmann, Hogan & Maher, LLP, Annual Financial Report Orleans Parish Communication District December 31, 2018 and 2017, Issued July 17, 2019.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

- “[T]he monthly statements or combined statements for the five monthly statements selected for testing were not reviewed and approved, in writing, by someone other than the authorized cardholder.”<sup>8</sup>
- “The District did not provide documentation to support compliance with use of another public entity’s contact (sic)”<sup>9</sup>
- “The District purchased equipment which required compliance with the La Public Bid Law. In review of documentation, it was determined the equipment was proprietary and thus purchased from a sole source vendor. However, documentation could not be provided to support the sole source vendor. The District should maintain documentation to support the proprietary equipment and sole source purchase”<sup>10</sup>

The OIG initiated an audit of OPCD on May 18, 2020. However, OPCD questioned the jurisdiction of the OIG in court. After a period of litigation, the Court of Appeal for the Fourth Circuit, State of Louisiana on August 4, 2021 affirmed the judgment of the Orleans Civil District Court, confirming “the plain wording of the New Orleans Home Rule Charter, the New Orleans City Code, and La. R.S 33:9613 all authorize the OIG to investigate the OPCD.”<sup>11</sup> After the OIG’s jurisdiction was confirmed, OPCD cooperated with the audit.

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<sup>8</sup> Duplantier, Hrapmann, Hogan & Maher, LLP, Annual Financial Report Orleans Parish Communication District December 31, 2019 and 2018, Issued January 13, 2021.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> In re: Subpoena Duces Tecum issued by the Inspector General of the City of New Orleans to Duplantier, Hrapmann, Hogan & Maher Subpoena No. 1-AD/20-0002, 2021-CA-0010 (La. App. 4th Cir. August 4, 2021), 326 So. 2d 1265.



## II. APPROVALS AND DOCUMENTATION

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The OIG selected a sample of 270 OPCD credit card purchases incurred during the period of January 1, 2019 through December 31, 2021. The OIG reviewed the information located in OPCD's requisition system, Quickbase<sup>12</sup>, as well as OPCD's credit card management software, PaymentNet<sup>13</sup>, to verify credit card purchases were properly approved and required documentation was maintained in accordance with relevant policies and laws.

OPCD credit card policy stated, "All purchases must be approved in accordance with the OPCD's purchasing policies/procedures."<sup>14</sup>

OPCD travel policy stated,

... employees must complete an OPCD Travel Authorization Form. All Travel authorization forms for OPCD employees, Board members and City employees will be processed internally, and will require the written approval of the Executive Director or Operations Director.<sup>15</sup>

OPCD updated its purchasing policy on September 10, 2019 which changed the approval requirements for purchases after that date. The purchasing policy in effect prior to September 10, 2019 required:

- Purchases less than \$50 – prior authorization is not required.
- Purchases between \$50 and \$200 – prior authorization is not required.
- Purchases between \$200 and \$999 – require a completed OPCD Requisition Form submitted to, and approved by, the Finance Manager or Executive Director prior to purchasing or ordering.

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<sup>12</sup> Quickbase is a cloud-based workspace that OPCD used as its procurement system where requisitions and purchase orders were created and approved and supporting documentation was uploaded.

<sup>13</sup> PaymentNet is a procurement card management software program provided by JP Morgan Chase to cardholders to, among other uses, review their transaction information, input accounting codes, and upload receipts and other support.

<sup>14</sup> Orleans Parish Communication District Standard Operating Procedure Number: 134, "Credit Cards", Revised April 23, 2018.

<sup>15</sup> Orleans Parish Communication District Standard Operating Procedure Number: 1.4.1, "Travel", Revised January 28, 2019.

- Purchases more than \$1,000 – require a completed OPCD Purchase Order approved by the Executive Director or Operations Director prior to purchase or ordering.<sup>16</sup>

OPCD revised its purchasing policy in 2019 to streamline the procedures for purchases under \$1,000, including the following:

- Purchases under \$1,000 – “...shall be approved by the Finance department and the Director of Support Services. When possible, the requisition should be approved prior to goods or services being ordered. In instances, when this is not possible, an (sic) written explanation shall be entered into the notes section of the requisition.”
- Purchases more than \$1,000 – “...shall be approved by the Executive Director via the requisition system prior to the goods and/or services being ordered. In cases where prior approval is not possible, authorization and exemption from the Executive Director must be documented.”<sup>17</sup>

Prior to testing OPCD credit card transactions for compliance with OPCD credit card, travel, and purchasing policies, OIG auditors verified those policies were adequate and met the minimum requirements of best practices.

**Finding 1: Credit card purchases were not approved in accordance with OPCD policy for 44% of the credit card transactions tested, totaling \$220,321, during the three-year scope period.**

The OIG found that 118 (44%) of the 270 transactions tested, totaling \$220,321, did not have proper approval. Of the 118 transactions, several had multiple exceptions related to their approval for a total of 150 exceptions as detailed in Figure 1.

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<sup>16</sup> Orleans Parish Communication District Standard Operating Procedure Number 136, “Purchasing”, Revised April 24, 2018.

<sup>17</sup> Orleans Parish Communication District Standard Operating Procedure Number: 1.3.6., “Purchasing”, Revised September 10, 2019.

**Figure 1.** Credit Card Transaction Exceptions

| Exception Description                             | Exceptions |
|---|------------|
| Transaction Approved after purchase date          | 44         |
| Purchase order approved after purchase date       | 25         |
| Travel authorization approved after purchase date | 8          |
| Required purchase order was not created           | 59         |
| No approvals for the purchase                     | 10         |
| No requisition was created                        | 4          |
| <b>Total Exceptions</b>                           | <b>150</b> |

The lack of required approvals increased the potential for fraud, waste, and abuse and may have resulted in purchases that were not in accordance with OPCD policies and state law, did not further the mission of OPCD, or resulted in unnecessary purchases using public funds.

OPCD management acknowledged that it needed to do a better job of ensuring that policies were followed. Management also stated that the lack of timely approval for seven of the eight travel authorization exceptions was due to confusion around the procedures to be followed during a Telecommunicator Emergency Response Taskforce deployment where OPCD call takers were deployed quickly to assist another jurisdiction.<sup>18</sup> Even though OPCD eventually followed its procedures, these charges remain exceptions since the approvals were not given in a timely fashion.

**Recommendation 1: OPCD should provide training to employees to ensure compliance with its policies.**

Employee training should be done on a regular and reoccurring basis to ensure all employees are aware of and follow the credit card and purchasing approval procedures. OPCD should also regularly review purchase approvals and ensure a written explanation is provided in the event a purchase is made before required

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<sup>18</sup> TERT programs are used for telecommunicator mutual aid response during disasters. A press release describing the deployment can be found at <https://www.opcdla.gov/opcd-call-takers-deployed-with-la-tert-to-virgin-islands/>. Due to the urgency of the deployment, uncertainty regarding the length of the deployment, and a lack of clear understanding of which agency's travel policies to follow, the travel authorization was not prepared in a timely manner. However, OPCD did eventually prepare an approved travel authorization after being notified by the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) that they should follow their normal travel procedures for the call takers.

approval is received. As policies are updated, OPCD should continue to ensure that those policies agree with Louisiana Legislative Auditor Best Practices and that employees receive training on the updated policies.<sup>19</sup>

**Finding 2: Receipts were not uploaded to the credit card management system in a timely manner for 33% of the credit card transactions tested, totaling \$204,847, during the three-year scope period.**

The OIG reviewed documentation uploaded to PaymentNet to determine when documentation was uploaded and calculated how many days elapsed between the credit card charge and when documents were uploaded.

OPCD credit card policy stated:

The receipt/documentation is to be submitted by the cardholder to the SAED [Special Assistant to the Executive Director] upon completion of the transaction. Documentation shall include the purpose of the purchase and the Division the purchase was made for (i.e. Operations, Administration, Facilities or Infrastructure) ...

The SAED is to attach the receipts and documentation to the monthly statement and submit to the Executive Director for review and approval, in writing. When completed, credit card documentation will be filed in the OPCD Finance Office. Payment will be made before the 10th of the next month (the due date on the statement) regardless of the collection of receipts.<sup>20</sup>

The OIG noted OPCD credit card policy did not have specifics for when credit card supporting documentation must be uploaded. However, the policy required receipts to be attached to the monthly credit card statement. Therefore, the OIG considered documentation uploaded more than two months after the charge to not be timely.<sup>21</sup> Accordingly, all exceptions included charges in which documentation was not uploaded until after the payment for the credit card charge was made. Using this criterion, OIG auditors determined receipts were not

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<sup>19</sup> The Louisiana Legislative Auditor provides best practices to help governmental entities create their own written policies and procedures. These best practices can be found at <https://lla.la.gov/resources/local-government-reporting/best-practices>.

<sup>20</sup> Orleans Parish Communication District Standard Operating Procedure Number: 134, "Credit Cards", Revised April 23, 2018.

<sup>21</sup> The OIG selected two months as the time frame for timeliness since any receipt uploaded after two months would have been uploaded after the credit card statement closed and the corresponding payment was due.

uploaded to PaymentNet within two months of the date of the charge for 86 of the 258 (33%) applicable charges tested, totaling \$204,847.

Prior to the scope period, OPCD's 2018 Financial Statement Audit noted "Finance charges and late fees were assessed on one of the five selected accounts."<sup>22</sup> In light of this previous finding, OPCD revised its credit card policy to require that payments are made before the due date of the statement "... regardless of the collection of receipts."<sup>23</sup> However, the lack of a clear policy regarding the time period for receipts to be uploaded and a lack of oversight ensuring receipts were uploaded could result in OPCD approving and paying for purchases that are not compliant with OPCD policy, including fraudulent charges. OPCD management agreed OPCD policies need to be updated and this was an area where more employee training would be beneficial.

**Recommendation 2: OPCD should amend its credit card policy to establish a time frame for supporting documentation to be uploaded into the credit card management system. This time frame should require documents to be uploaded before the statement due date.**

The credit card policy should be updated to establish a requirement that supporting documentation be uploaded within a certain number of days and prior to the statement due date. OPCD should provide training to employees to ensure the revised policy is followed.

**Positive Finding: OPCD employees provided a written description of the expense consistent with the type of transaction for all credit card charges tested in accordance with policy.**

OPCD credit card policy required, "receipt/documentation is to be submitted by the cardholder ... upon completion of the transaction. Documentation shall include the purpose of the purchase..."<sup>24</sup>

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<sup>22</sup> Duplantier, Hrapmann, Hogan & Maher, LLP, Annual Financial Report Orleans Parish Communication District December 31, 2018 and 2017, Issued July 17, 2019.

<sup>23</sup> Orleans Parish Communication District Standard Operating Procedure Number: 134, "Credit Cards", Revised April 23, 2018.

<sup>24</sup> Ibid.

For all credit card transactions tested, OPCD employees provided a written description of the expense in Quickbase and/or PaymentNet.

### III. EXPENSES PROHIBITED BY THE LOUISIANA CONSTITUTION

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OPCD was a political subdivision of the State and was subject to the Louisiana Constitution Article VII, Section 14, which stated,

...the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.<sup>25</sup>

The Louisiana Supreme Court has opined that this Constitutional prohibition is violated when “public funds or property are gratuitously alienated.”<sup>26</sup> Louisiana courts have also determined that this provision of the Louisiana Constitution prohibited bonus payments or the donation of gift certificates to public employees by their employer.<sup>27</sup>

The Louisiana Attorney General has consistently opined that Article VII, Section 14 of the Constitution prohibits political subdivisions from using public funds for the purchase of employee appreciation gifts or hosting employee parties or other celebratory functions. For example, the Attorney General determined that the use of public funds to host a meal honoring public employees and their spouses/guests was a prohibited donation under the Louisiana Constitution, stating:

Our office has historically opined that using public funds for the payment of, or reimbursement for, meals and/or foods served in conjunction with parties and other types of celebratory functions is improper under Article VII, Sec. 14(A) of the Louisiana Constitution. See La. Atty. Gen. Op. Nos. 08-0089, 96-458. In La. Atty. Gen. Op. Nos. 96-159 and 76-1680, we opined that the use of public funds to help defray the cost of a banquet honoring retirees is prohibited by La. Const. art. VII, Sec. 14. La. Atty. Gen. Op. No. 03-0387 concluded that Nicholls State University could not use public funds to host a function or event for faculty spouses or for a Christmas gumbo for employees and retirees. Finally, La. Atty. Gen.

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<sup>25</sup> La. Const. art. VII, Section 14(A).

<sup>26</sup> *Bd. of Dir. Of the Indust. Develop. Bd. of the City of Gonzales v. All Taxpayers, Property Owners, Citizens of City of Gonzales*, 2005-C-2298 (La. 9/6/06), 938 So.2d 11.

<sup>27</sup> *Varnado v. Hospital Service District No. 1 of Parish of Assumption*, 730 So.2d 1066 (La. App. 1<sup>st</sup> Cir. 1999); *Bouillion v. City of New Iberia*, 657 So.2d 397 (La. App. 3<sup>rd</sup> Cir. 1995).

Op. No. 94-115 concluded that St. Charles Parish could not host a luncheon to honor civil service employees.<sup>28</sup>

**Finding 3: OPCD used public funds to purchase \$7,769 in goods and services that appeared to lack a public purpose and may have violated the Louisiana Constitution. When projected to the population, OPCD incurred expenses of \$30,306 which appeared to lack a public purpose during the three-year scope period.**

During the scope period, OPCD incurred \$1,293,595 in expenses on credit cards. All expenses were paid directly from OPCD's operating account. To arrive at the sample population, the OIG removed transactions that auditors were able to determine were refunded or related to refunded transactions. This resulted in a population of \$1,233,674. Auditors tested 270 credit card transactions, totaling \$865,013, and noted 11 transactions, totaling \$7,769, that appeared to lack a public purpose and may have violated the Louisiana Constitution.

These exceptions, when projected to the \$1,233,674 credit card population, resulted in a projected misstatement of \$30,306, as shown in Figure 2.<sup>29</sup>

**Figure 2.** Credit Card Projection

| Description  | Population 1:<br>2019<br>Transactions | Population 2:<br>2020<br>Transactions | Population 3:<br>2021<br>Transactions | Total<br>Misstatement |
|--|---------------------------------------|---------------------------------------|---------------------------------------|-----------------------|
| Dollar amount of misstatement in the sample                          | \$338                                 | \$3,972                               | \$3,460                               | \$7,770               |
| Dollar amount of total credit card transactions tested in the sample | \$275,165                             | \$218,004                             | \$371,843                             | \$865,012             |
| Credit card population   | \$480,270                             | \$282,013                             | \$471,391                             | \$1,233,674           |
| Projected misstatement   | \$6,140 <sup>30</sup>                 | \$6,083 <sup>31</sup>                 | \$18,083 <sup>32</sup>                | \$30,306              |

<sup>28</sup> La. Attorney General Opinion No. 09-0238.

<sup>29</sup> The auditors calculated projected misstatement using CaseWare IDEA data analysis software. This software calculated the misstatement using the number of misstatements in the sample and the sampling interval.

<sup>30</sup> Based on this sample, auditors inferred with a confidence of 95 percent that the most likely total error is \$6,140 in Population 1 and the total error in the population does not exceed \$18,930.

<sup>31</sup> Based on this sample, auditors inferred with a confidence of 95 percent that the most likely total error is \$6,083 in Population 2 and the total error in the population does not exceed \$13,330.

<sup>32</sup> Based on this sample, auditors inferred with a confidence of 95 percent that the most likely total error is \$18,083 in Population 3 and the total error in the population does not exceed \$33,667.



Two of the credit card transactions, which appeared to lack a public purpose and may have violated the Louisiana Constitution, were for gifts for OPCD employees:

- A purchase of \$2,515 for employee appreciation gifts in December 2020.
- A purchase of \$906 in gift cards for employees in November 2021.

The Louisiana Attorney General has addressed employee gifts and gift card purchases multiple times, including, but not limited to:

- “Opinion No. 92-737 held that ... the granting of gift certificates ... constituted prohibited donations under the state’s constitution.”<sup>33</sup>
- “Opinion No. 95-210 held that \$100-\$500 gift certificates for Employees of the Quarter and Year, and \$50-\$250 restaurant certificates for Managers of the Quarter and Year were donations which are prohibited by Article VII, Section 14.”<sup>34</sup>
- Opinion No. 00-0039 held that governmental agencies “may not purchase gifts for ... employees because such purchase would be tantamount to a donation of public funds which is expressly prohibited by the Louisiana Constitution.”<sup>35</sup>

In addition to the gift purchases for employees, the OIG noted OPCD had multiple credit card expenses for employee events, which appeared to lack a public purpose and may have violated the Louisiana Constitution. One of these purchases was a \$1,454 deposit, which was part of a larger \$2,908 charge, for rental fees for tables and decor for OPCD’s 2021 Holiday Celebration. The Louisiana Attorney General has consistently opined that public funds cannot be used for meals, banquets or holiday parties:

[t]he Office of the Attorney General has historically opined that in general, the payment or reimbursement for food, drink, or the expenses associated with luncheons, banquets, parties or similar functions, from public funds, is improper under La. Const. Art. VII, Sec. 14....[P]ublic funds can not be utilized to defray the cost of Christmas parties for public employees.<sup>36</sup>

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<sup>33</sup> La. Attorney General Opinion No. 06-0321.

<sup>34</sup> Ibid.

<sup>35</sup> La. Attorney General Opinion No. 00-0039.

<sup>36</sup> La. Attorney General Opinion No. 03-0387.

OPCD management explained that they wanted to find a way to show their appreciation to their employees during a difficult and stressful time, which included COVID and multiple hurricanes impacting the City. OPCD management stated that they believed Louisiana R.S. 40:1510 supported this use of public funds because it authorized the following:

... a fire protection district, municipal fire department, or volunteer fire department may expend public funds in connection with the following activities:

- (1) The purchase of a plaque, trophy, certificate, medal, or similar memento to acknowledge outstanding achievement or valiant act of personnel not to exceed one hundred dollars.
- (2) Meals, snacks, or refreshments for firefighters involved in fire department related meetings, workshops, training programs, or performing of emergency services not to exceed twenty-five dollars per person.
- (3) The implementation of a length of service program.<sup>37</sup>

Since OPCD is not a fire protection district, municipal fire department, or volunteer fire department, they may not rely upon Louisiana R.S. 40:1510 to authorize the use of public funds for employee appreciation gifts and parties. Therefore, the purchases lacked a public purpose and may have violated the Louisiana Constitution. Permitting such purchases has the potential to result in a misuse of public dollars as well as erode the public's trust in OPCD.

**Recommendation 3: OPCD should provide training to employees to ensure purchases comply with the Louisiana Constitution's prohibition of the donation of public funds.**

If OPCD management wants to create a fund for employee appreciation events, it must take special care to ensure that there are no public funds commingled with the employee appreciation funds and that employees who contribute to the fund are made aware of the purpose of the fund. The Louisiana Attorney General has opined in Opinion Number 91-421 and reiterated in Opinion Number 03-0157 that an agency could,

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<sup>37</sup> La. R.S. §40:1510.

... [establish] a flower and gift fund for the purchase of flowers and gifts for deaths, birthdays and the like, as long as no public funds were placed in the fund or commingled with the fund, and as long as each donor was made aware that the purpose of the fund was flowers and gifts...<sup>38</sup>

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<sup>38</sup> La. Attorney General Opinion No. 03-0157.

## IV. LOUISIANA PUBLIC BID LAW

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The purpose of Louisiana Public Bid Law was to ensure that public entities received the best possible price when using public funds when procuring materials and supplies or public works. Public entities subject to this law must strictly comply with its provisions in the absence of any exceptions in law. As a political subdivision of the State, OPCD must follow Louisiana Public Bid Law which required:

All purchases of any materials or supplies exceeding the sum of thirty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised.<sup>39</sup>

The Louisiana Attorney General has also opined:

... contracts for services are not subject to the requirements of the Public Bid Law....

...Nevertheless, if a contract has a substantial materials and supplies component compared to its services component, it is our opinion that the Public Bid Law would be applicable....

Attorney General Opinion No. 88-392 [stated]: "In a situation where a contract has a very substantial materials component, a substantial non-professional services component, and a relatively small professional services component, it is our opinion that the Public Bid Law is applicable. To conclude otherwise would be to invite widespread abuse of the Public Bid Law."<sup>40</sup>

And:

This office has long interpreted [Public Bid Law] to require that purchases of like commodities during the course of the fiscal year must be aggregated and be publicly bid if the total amount of purchases of those commodities during the fiscal year exceeds the

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<sup>39</sup> La. R.S. 38:2212.1(A)(1)(a).

<sup>40</sup> La. Attorney General Opinion No. 07-0278.

statutory threshold for bidding. See Attorney General Opinions 95-123, 95-140, 80-987, 79-51, 78-598.<sup>41</sup>

**Finding 4: OPCD did not follow Louisiana Public Bid Law when making purchases related to generator repairs and maintenance, totaling \$83,065.**

Auditors noted nine transactions in 2019 with one vendor for generator repairs and maintenance that totaled \$83,065. The invoices for these transactions included parts in excess of the \$30,000 annual, aggregate purchase threshold where a contract was required to be bid in accordance with Louisiana Public Bid Law.

OPCD management stated the charges stemmed from an emergency generator outage that needed to be fixed quickly and there was no time to follow the proper procurement policies. OPCD management was not aware that Louisiana Public Bid Law included procedures that must be followed in the event of an emergency.

Louisiana Public Bid Law included the procedures that must be followed in the event of an emergency.<sup>42</sup> The Louisiana Public Bid Law requirements specific to emergency contracts included the following:

- Notice of public emergency must be published in the official journal of the public entity proposing or declaring such public emergency.
- Every contract negotiated under this authority must be supported by a written determination and findings by the public entity justifying use of the authority.
- Information regarding all telephone or oral offers must be obtained and made a part of the contract case file.
- The records must be retained for a minimum of six years following the purchase.

Louisiana Public Bid Law also included requirements for soliciting bids for large purchases to ensure that agencies receive the best price for their projects and provide a fair opportunity for eligible bidders to compete for governmental projects. Not following these requirements can result in OPCD overpaying for

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<sup>41</sup> La. Attorney General Opinion No. 02-0122.

<sup>42</sup> La. R.S. 38:2212.1(K) and La. R.S. 38:2212(P).

materials and supplies or create the appearance of favoritism in the selection of vendors and contractors.

**Recommendation 4: OPCD should provide training to employees to ensure purchases comply with the requirements of Louisiana Public Bid Law, including procedures for emergency events.**

When making large purchases OPCD should consider whether a contract is necessary and if the purchase must comply with Louisiana Public Bid Law, even in the case of emergency events. OPCD should retain sufficient documentation that demonstrates compliance with Louisiana Public Bid Law.

OPCD purchasing policy in effect prior to September 10, 2019 required OPCD employees to do the following for all purchases exceeding \$10,000, but less than the \$30,000 threshold for formal public bid:

1. Obtain at least three [quotes] by telephone, facsimile or e-mail for the lowest cost for acceptable supplies or equipment. ... If the same item cannot be found at three different vendors, the employee is to use equivalent supplies or equipment.
2. Create a work file (attached to the Purchase Order) containing
  - a. Descriptive information on the item(s) to be purchased; AND
  - b. The name, addresses, telephone numbers, and contact people for each vendor; AND
  - c. The price(s) quoted by each vendor contacted.
3. Obtain written confirmation, which may be by e-mail or facsimile, from the vendor chosen. This should describe the merchandise and the agreed-upon price.
4. If the lowest price quotation is not accepted, provide a written reason for rejecting that quotation. This written reason must be placed in the file and maintained by the Finance Manager.<sup>43</sup>

This policy was in compliance with the requirements of the Louisiana Revised Statutes.<sup>44</sup> OPCD revised its purchasing policy in 2019 to provide as follows for purchases exceeding \$10,000, but less than the \$30,000 threshold for formal public bid:

All requirements of purchases greater than \$10,000, the requisitioner shall make a documented attempt to collect at least three [quotes] by telephone, facsimile or e-mail. The received quotes shall be uploaded and attached the requisition before it is submitted for approval.<sup>45</sup>

The policy continued to include exceptions for state contracts, emergency events, and telecommunications equipment provided for by state statute. The OIG noted

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<sup>43</sup> Orleans Parish Communication District Standard Operating Procedure Number 136, "Purchasing", Revised April 24, 2018.

<sup>44</sup> La. R.S. 38:2212.1(A)(1)(b).

<sup>45</sup> Orleans Parish Communication District Standard Operating Procedure Number: 1.3.6., "Purchasing", Revised September 10, 2019.

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this policy did not fully comply with the requirements of the Louisiana Revised Statutes because it did not require reasons for the rejection of lower quotes be recorded in the purchase file.<sup>46</sup> The OIG verified this omission did not result in any additional exceptions to the ones noted in this finding.

**Finding 5: OPCD did not provide support to show that purchases were solicited in accordance with OPCD policy, totaling \$530,383, during the three-year scope period.**

The OIG reviewed supporting documentation for OPCD's purchases and did not find any documentation that showed quotes were solicited for 63 purchases from seven vendors where purchases for the year exceeded \$10,000, totaling \$530,383.

OPCD purchasing policy provided for exceptions in certain circumstances. However, these exceptions required additional documentation to be maintained, and the additional information that applied to these exceptions was not provided.

OPCD management stated that many of these purchases were made on a state contract. However, the OIG was unable to find any reference to the state contract in the supporting documentation. Therefore, it was not possible to verify that OPCD used an applicable state contract.

OPCD purchasing policy promoted a competitive environment for procurement. Not following this policy could create the appearance of favoritism and result in overpayment.

**Recommendation 5: OPCD should provide training to employees to ensure compliance with its purchasing policy and all required support is clearly documented and maintained in the procurement system. OPCD should also ensure that all policy updates comply with relevant laws and best practices.**

Employee training should be done on a regular and reoccurring basis to ensure all employees are aware of and follow the purchasing procedures. As policies are updated, OPCD should ensure that those policies agree with relevant Louisiana

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<sup>46</sup> L.a R.S. 38:2212.1(A)(1)(b).



Revised Statutes and Louisiana Legislative Auditor Best Practices as well as that employees receive training on the updated policies.<sup>47</sup>

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<sup>47</sup> The Louisiana Legislative Auditor provides best practices to help governmental entities create their own written policies and procedures. These best practices can be found at <https://lla.la.gov/resources/local-government-reporting/best-practices>.

## APPENDIX A. OBJECTIVES, SCOPE, AND METHODOLOGY

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The objective of the audit was to determine:

- If OPCD credit card expenditures were business-related and allowed by law, and
- If OPCD complied with relevant laws and policies in relation to its credit card purchases.

The scope of the audit included all transactions on OPCD credit card statements during the period January 1, 2019 through December 31, 2021. To accomplish the audit objectives, OIG auditors:

1. Conducted interviews with OPCD employees to obtain an understanding of the procedures related to credit cards, purchasing, and procurement.
2. Verified OPCD written policies and procedures were compliant with best practices.
3. Verified that all transactions from PaymentNet agreed to the credit card statements received and determined the data was sufficiently reliable and complete for the purposes of this report.
4. Obtained a copy of all credit card transactions for the scope period, removed refunds and transactions the auditor judgmentally determined were refunded, and selected samples for the years 2019, 2020 and 2021. The auditors created a separate population for each year as described below.<sup>48</sup> Because monetary unit sampling was used for each population, the auditors projected all exceptions involving the use of public funds to the entire population for Finding 3. See Figure 3 for the sampling methodology.
  - **Population 1 (2019):** The auditors included all transactions during the scope period that posted during 2019, totaling 869 transactions. The auditors then selected and tested 100 percent of 19 high value transactions and sampled 104 of the remaining 850 transactions posted in 2019.
  - **Population 2 (2020):** The auditors included all transactions during the scope period that posted during 2020, totaling 401. The auditors then selected and tested 100 percent of 21 high

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<sup>48</sup> Due to the three years having large differences in the number of transactions and the amount charged, the auditors separated the population by year for testing purposes.

value transactions and sampled 57 of the remaining 380 transactions posted in 2020.

- **Population 3 (2021):** The auditors included all transactions during the scope period that posted during 2021, totaling 453. The auditors then selected and tested 100 percent of 18 high value transactions and sampled 51 of the remaining 435 transactions posted in 2021.

**Figure 3.** Sampling Methodology

| Population                                 | Confidence Level | Tolerable Error | Expected Error <sup>49</sup> | Sample Size | Sample Value     |
|--|------------------|-----------------|------------------------------|-------------|------------------|
| 1 - High Value                             | 100%             | N/A             | N/A                          | 19          | \$160,993        |
| 1 - Sample                                 | 95%              | 5%              | 2%                           | 104         | \$114,172        |
| 2 - High Value                             | 100%             | N/A             | N/A                          | 21          | \$180,313        |
| 2 - Sample                                 | 95%              | 5%              | 2%                           | 57          | \$37,691         |
| 3 - High Value                             | 100%             | N/A             | N/A                          | 18          | \$317,684        |
| 3 - Sample                                 | 95%              | 5%              | 2%                           | 51          | \$54,159         |
| <b>Total Number of Transactions Tested</b> |                  |                 |                              | <b>270</b>  | <b>\$865,012</b> |

5. Verified on Quickbase that each transaction was approved in accordance with OPCD policies and procedures.
6. Verified the business purpose was clearly documented for all credit card expenditures.
7. Verified a standard expense report or purchase order was prepared, submitted, and included all appropriate documentation to support the business nature of the expenditures in accordance with OPCD credit card policy.
8. Verified that the description for the transaction provided by the OPCD employee was consistent with the nature of the expenditure as evidenced by the supporting documentation.
9. Reviewed supporting documentation for the selected transactions and verified that the expense was business-related and allowed by OPCD policy and state law per the Louisiana Constitution.
10. Reviewed supporting documentation for the selected transactions to verify the expense complied with all aspects of OPCD's credit card policy

<sup>49</sup> The OIG judgmentally selected 2% for the expected error based on findings reported on previous OPCD Annual Financial Reports.

that were not included in other procedures (i.e. approvals, documentation, and competitive purchasing).

11. Obtained supporting documentation to determine if the nature of the expenditure required competitive purchasing in accordance with OPCD purchasing policy and Louisiana Public Bid Law.

Auditors used the following criteria for this performance audit:

- Louisiana Constitution;
- Louisiana Revised Statutes;
- Louisiana Attorney General Opinions;
- Louisiana Legislative Auditor Best Practices;
- OPCD Policy Memoranda; and
- Federal Laws.

### **AUDITING STANDARDS**

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.<sup>50</sup>

Auditors also conducted this performance audit in accordance with the *Principles and Standards for Offices of Inspector General*.<sup>51</sup>

### **LEGAL AUTHORITY**

The authority to perform this audit is established in La. R.S. 33:9613 and in City Code Sec. §2-1120 of the City of New Orleans.

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<sup>50</sup> *Government Auditing Standards, Chapter 9.03*; U.S. Government Accountability Office, 2021.

<sup>51</sup> "Quality Standards for Audits by Offices of Inspector General," *Principles and Standards for Offices of Inspector General* (Association of Inspectors General, 2014).

City of New Orleans Ordinance §2-1120(8)(b) provides that a person or entity who is the subject of a report shall have 30 days to submit a written explanation or rebuttal of the findings before the report is finalized, and that such timely submitted written explanation or rebuttal shall be attached to the finalized report.

On February 16, 2023, the OIG distributed an Internal Review Copy of this report to OPCD so they would have an opportunity to comment on the report prior to the public release of this Final Report. The OIG received OPCD's comments on March 20, 2023. The OIG attached these comments to the report.

OPCD has decided to implement all of the OIG's recommendations, however, the OIG respectfully disagrees with OPCD's response to the following Findings:

**Finding 2:** OPCD's response to Finding 2 indicated a disagreement that a number of credit card receipts were not uploaded in a timely manner. OPCD's response stated:

[W]ith regards to OIG's referenced sample of transactions, OPCD TERT (LA Telecommunications Emergency Response Network) team members were deployed to the U.S. Virgin Islands pursuant to Governor Edwards' orders through the LA-TERT to provide emergency communications support to ensure 9-1-1 system integrity and continuity of operations for the receiving agency. Teams included resources for call taking, dispatching, technology, and incident management. Travel and lodging were required, and receipts/documentation could not be timely uploaded, though all supporting documentation was ultimately uploaded.

The OPCD TERT deployment credit card charges were only four of the 86 exceptions addressed in Finding 2. This finding would still exist without those four exceptions. In addition, the OIG disagrees that the documentation for the Virgin Islands TERT deployment could not have been uploaded timely since the travel for this deployment commenced on March 11, 2021 and the return date was March 24, 2021. The four exceptions challenged by OPCD included one airfare charge with a post date on the credit card statement of March 11, 2011 and three hotel charges with post dates on the credit card statements of March 26, 2011. However, the receipts for this deployment were not uploaded to the credit card

management system until November 23, 2021. Even a very generous understanding of timeliness would not consider an eight-month delay to be reasonable. In addition, these charges were made on the credit card of the Executive Director, who did not travel on the deployment. Therefore, the travel should not have impacted the timeliness of the uploading of the receipts.

**Finding 3:** OPCD's response to Finding 3 stated:

OPCD can neither agree or disagree to the extent OPCD's actions "may" have appeared to lack a public purpose. OPCD notes that with regards to OIG's referenced sample of transactions, funds were used out of a vending machine account supported by employees of the agency, and that flowers were purchased following the death of an employee. Executive Director Morris reimbursed the agency fully for the total amount.

OPCD's statement that funds for the exceptions noted in Finding 3 were used out of a vending machine account is false. All of the charges selected in the OIG's sample were purchases made on OPCD's credit card and all credit card bills during the scope period were paid with public funds from OPCD's operating account. The OIG confirmed OPCD did have a separate vending machine account. However, no funds from that account were used to purchase stock for the vending machine during the scope period, and there was no indication that OPCD employees were made aware that payments for vending items would be considered contributions to an event fund. As a result, the funds in the vending machine account during the scope period would not qualify as an acceptable fund for employee appreciation events. As discussed with OPCD, going forward the agency would be able to use the vending machine account to fund employee events that would otherwise lack a public purpose, as long as the guidelines in past Louisiana Attorney General Opinions are followed. This includes requirements that no public funds be placed in the fund or commingled in the fund, and that each donor is made aware of the purpose of the fund. An agency-wide email and notice on the vending machine itself would satisfy the notification requirement going forward.

The flower purchase addressed in OPCD's response was only one of the 11 exceptions, and the Louisiana Attorney General has opined that flower purchases are a prohibited donation of public funds.<sup>52</sup> After the OIG informed the agency this was not a valid use of public funds, the Executive Director indicated he would

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<sup>52</sup> La. Attorney General Opinion No. 03-0157.

reimburse the agency, but had not done so before being informed of this potential violation by the OIG.

OPCD's response to Finding 3 also stated, "OPCD further notes that the holiday reception was also an awards reception that centered on recognition of outstanding employee performance."

As addressed in Finding 3 of this report, Louisiana Attorney General Opinion 09-0238 stated the following in response to a question which asked if an agency could use public funds for an awards banquet that included a meal:

Our office has historically opined that using public funds for the payment of, or reimbursement for, meals and/or foods served in conjunction with parties and other types of celebratory functions is improper under Article VII, Sec. 14(A) of the Louisiana Constitution. See La. Atty. Gen. Op. Nos. 08-0089, 96-458. In La. Atty. Gen. Op. Nos. 96-159 and 76-1680, we opined that the use of public funds to help defray the cost of a banquet honoring retirees is prohibited by La. Const. art. VII, Sec. 14. La. Atty. Gen. Op. No. 03-0387 concluded that Nicholls State University could not use public funds to host a function or event for faculty spouses or for a Christmas gumbo for employees and retirees. Finally, La. Atty. Gen. Op. No. 94-115 concluded that St. Charles Parish could not host a luncheon to honor civil service employees.<sup>53</sup>

This opinion makes it very clear that an awards reception that was centered on recognition of outstanding employee performance is not an allowable use of public funds.

**Finding 4:** OPCD's response to Finding 4 indicated a disagreement in the interpretation of Louisiana Public Bid Law. OPCD's response stated:

The public bid law permits sole source procurement when there are no "functional equivalents". The procurement code also permits sole source procurement when there are no other available vendors.

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<sup>53</sup> La. Attorney General Opinion No. 09-0238.

This is an incorrect interpretation of Louisiana Public Bid Law. The relevant portion of Louisiana Public Bid Law addressing sole source procurement specified that:

[T]he public entity may specify a particular brand, make, or manufacturer in the specifications [but] that they do not restrict bidders to the specific brand, make, manufacturer, or specification named; that they are only used to set forth and convey to prospective bidders the general style, type, character, and quality of product desired; and that equivalent products will be acceptable.<sup>54</sup>

This did not allow sole source procurement without bidding, but required these purchases to be bid to allow for competition and lower pricing from vendors with “functional equivalents.” In addition, the OPCD’s position that the Louisiana Procurement Code permitted sole source procurement is irrelevant since this finding is related to Louisiana Public Bid Law. Furthermore, OPCD has elected not to adopt the Louisiana Procurement Code, explicitly stating in its procurement policy, “The Louisiana Procurement Code DOES NOT apply to OPCD” (emphasis in original).<sup>55</sup>

**Finding 5:** OPCD’s response to Finding 5 indicated a disagreement in the requirements of its purchasing policy. OPCD’s response stated:

OPCD does not agree that the sixty-three (63) purchases identified by OIG were not solicited in accordance with OPCD policy. OPCD notes that with regards to OIG's referenced sample of transactions, 53 of the purchases were nothing more than recurring monthly payments pursuant to pre-existing service contracts; 8 of the purchases related to monthly legal service charges, 45 of the purchases related to monthly telephony charges currently on state contract. OPCD equates these recurring monthly service payments to recurring monthly utility payments, which do not require monthly bids, rather than one-off purchases of commodities. Additionally, Executive Order JBE 2020-21 permits small purchases, which are those not exceeding \$ 10,000 per single purchase transaction. As such, OPCD believes that OIG's reference to La.

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<sup>54</sup> La. R.S. 38:2212.1(C)(1) and (2).

<sup>55</sup> Orleans Parish Communication District Standard Operating Procedure Number: 1.3.6., “Purchasing”, Revised September 10, 2019.



Atty. Gen. Op. 02-0122 regarding aggregate transactions is misplaced.

This response demonstrates a lack of understanding of the reasons for the finding and raises concerns that OPCD will not implement the needed changes to address the finding. As noted in OPCD's response, Executive Order JBE 2020-21 permitted purchases of many of the noted exceptions without bidding.<sup>56</sup> However, as the OIG previously discussed with OPCD, this Executive Order only applied to agencies covered by the Louisiana Procurement Code. OPCD is a political subdivision of the State of Louisiana and as such was not required to follow the Louisiana Procurement Code but is "authorized to adopt all or any part of this Chapter and its accompanying regulations."<sup>57</sup> The agency's revised purchasing policy provided by OPCD as part of its response specifically stated, "The Louisiana Procurement Code DOES NOT apply to OPCD" (emphasis in original).<sup>58</sup> Since OPCD had not elected to adopt "all or any part" of the Louisiana Procurement Code and the noted charges did not qualify for either of the exceptions included in OPCD's purchasing policy, the OIG maintains that a documented attempt to solicit quotes for these purchases should have been made in accordance with OPCD policy. As previously discussed with OPCD, if the agency wishes to exempt the type of purchases addressed in Executive Order JBE 2020-21 from its purchasing policy, it must elect to adopt the relevant portion of the Louisiana Procurement Code or update its purchasing policy to address these categories of purchases.

In regards to the 45 purchases being related to charges on state contract as responded to by OPCD, there was nothing in the agency's purchasing policy that created an exception for purchases on state contract. In addition, none of the supporting documentation provided to the OIG, including requisition forms and invoices, showed any indication that these purchases were on state contract at the time of the charge.

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<sup>56</sup> John Bel Edwards, Executive Order Number JBE 2020-21, "SMALL PURCHASE PROCEDURES," November 9, 2020.

<sup>57</sup> La. R.S. 39:1554(E)(1).

<sup>58</sup> Orleans Parish Communication District Standard Operating Procedure Number: 1.3.6., "Purchasing", Revised September 10, 2019.



# ORLEANS PARISH COMMUNICATION DISTRICT

*Administrators of New Orleans' 9-1-1/3-1-1 System*

March 20, 2023

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City of New Orleans (At-Large)

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New Orleans Health Department

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Orleans Parish Medical Society

## Executive Staff

Tyrell T. Morris  
Executive Director

Edward Michel, OIG  
Inspector General  
525 St. Charles Avenue  
New Orleans, LA 70130

**VIA ELECTRONIC MAIL**

Inspector General Michel,

The New Orleans Office of Inspector General (hereinafter "OIG") conducted a performance audit of the Orleans Parish Communication District (hereinafter "OPCD") for the period January 1, 2019, through December 31, 2021. The scope of the audit was limited to credit card transactions during the applicable time period, and resulted in five (5) findings, which were not included in the Louisiana Legislative Auditor's recent 2021 report, and one (1) positive finding. The audit represents OPCD's first opportunity to provide OIG with information and documentation regarding its financial policies, procedures and practices, and to receive feedback regarding additional performance metrics and potential improvements so that OPCD may continue to provide the citizens of Orleans Parish with superb emergency telecommunications. In cooperation and coordination with the OIG, OPCD responds to the Draft Report as follows:

**Finding 1: Credit card purchases were not approved in accordance with OPCD policy for 44% of the credit card transactions tested, totaling \$220,321 over the three (3) year period, January 1, 2019 – December 31, 2021.**

Response 1: In response to Finding 1, OPCD agrees that a number of credit card transactions over the three (3) year period from January 1, 2019, through December 31, 2021 were made without written pre-approval, though written approval was ultimately provided. In 2021, OPCD implemented new finance processes via SOP 1.3.6<sup>1</sup>, requiring that all purchases have an approved requisition prior to the date of purchase. An approved requisition is a requisition that has received Final Approval in the purchasing and requisition system (PARS) by either the Director of Support Services (purchases less than \$1,000.00) or the Executive Director (purchases greater than \$1,000.00). Emergency purchases must be also authorized in writing prior to the date of purchase. Additionally, OPCD is implementing Recommendation 1. OPCD's Finance Department will schedule an annual training on the credit card policy including but not limited to purchasing, requisitions, approvals, and the submission of proper documentation.

<sup>1</sup> See attached.



**Finding 2: Receipts were not uploaded to the credit card management system in a timely manner for 33% of the credit card transactions tested, totaling \$204,847 over the three (3) year period, January 1, 2019 - December 31, 2021.**

Response 2: In response to Finding 2, OPCD does not agree that a number of credit card receipts were not uploaded in a timely manner. OPCD notes that with regards to OIG's referenced sample of transactions, OPCD TERT (LA Telecommunications Emergency Response Network) team members were deployed to the U.S. Virgin Islands pursuant to Governor Edwards' orders through the LA-TERT to provide emergency communications support to ensure 9-1-1 system integrity and continuity of operations for the receiving agency. Teams included resources for call taking, dispatching, technology, and incident management. Travel and lodging were required, and receipts/documentation could not be timely uploaded, though all supporting documentation was ultimately uploaded. Additionally, there is conflict between OPCD's travel policy, which is more general in nature, and the state's deployment orders, which is more specific to emergency communications situations, which conflict resulted in uncertainty regarding the applicability of the conflicting policies. However, OPCD is implementing Recommendation 2. OPCD has revised its credit card policy via SOP 1.3.3<sup>2</sup> requiring all receipts/documentation to be uploaded to the credit card management system by the cardholder within (7) calendar days of the transaction. Additionally, OPCD will revise its travel policy to provide a specific exemption for such emergency communications situations.

**Finding 3: OPCD used public funds to purchase \$7,769 in goods and services that appeared to lack a public purpose and may have violated the Louisiana Constitution. When projected to the population, OPCD incurred expenses of \$30,306 which appeared to lack a public purpose.**

Response 3: In response to Finding 3, OPCD can neither agree or disagree to the extent OPCD's actions "may" have appeared to lack a public purpose. OPCD notes that with regards to OIG's referenced sample of transactions, funds were used out of a vending machine account supported by employees of the agency, and that flowers were purchased following the death of an employee. Executive Director Morris reimbursed the agency fully for the total amount. OPCD further notes that the holiday reception was also an awards reception that centered on recognition of outstanding employee performance. OPCD has created a separate account funded solely by vending machine purchases for such special events and expenditures. Additionally, OPCD is implementing Recommendation 3. OPCD's Finance Department will schedule an annual training on the credit card policy including but not limited to public versus private expenditures.

**Positive Finding: OPCD employees provided a written description of the expense consistent with the type of transaction for all credit card charges tested in accordance with policy. OPCD credit card policy required, "receipt/documentation is to be submitted by the cardholder ... upon completion of the transaction. Documentation shall include the purpose of the purchase." For all credit card transactions tested, OPCD employees provided a written description of the expense in QuickBase and/or PaymentNet.**

Response to Positive Finding: OPCD appreciates OIG's recognition that OPCD is responsible and consistent with its credit card procurement policy. OPCD has always been committed to transparency and accountability in all its procedures and policies and holds its staff to the highest standards, including those dealing with expenses and procurement. OPCD is proud to say that every dollar spent by the agency was accounted for, and all employees provided a written description of their expenses.

**Finding 4: OPCD did not follow Louisiana Public Bid Law when making purchases related to generator repairs and maintenance, totaling \$83,065 over the three (3) year period, January 1, 2019 - December 31, 2021.**

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<sup>2</sup> See attached.



Response 4: In response to Finding 4, OPCD does not agree that the public bid law was not followed. OPCD notes that with regards to the identified requisition, the generator was available from only one supplier, and by extension the repairs and maintenance could only be performed by one supplier. The public bid law permits sole source procurement when there are no "functional equivalents". The procurement code also permits sole source procurement when there are no other available vendors. However, OPCD is implementing Recommendation 4. OPCD's Finance Department will schedule an annual training on the credit card policy including but not limited to the public bid law and the procurement code.

**Finding 5: OPCD did not provide support to show that purchases were solicited in accordance with OPCD policy, totaling \$530,383 over the three (3) year period, January 1, 2019 - December 31, 2021.**

Response 5: In response to Finding 5, OPCD does not agree that the sixty-three (63) purchases identified by OIG were not solicited in accordance with OPCD policy. OPCD notes that with regards to OIG's referenced sample of transactions, 53 of the purchases were nothing more than recurring monthly payments pursuant to pre-existing service contracts; 8 of the purchases related to monthly legal service charges, 45 of the purchases related to monthly telephony charges currently on state contract. OPCD equates these recurring monthly service payments to recurring monthly utility payments, which do not require monthly bids, rather than one-off purchases of commodities. Additionally, Executive Order JBE 2020-21 permits small purchases, which are those not exceeding \$10,000 per single purchase transaction. As such, OPCD believes that OIG's reference to La. Atty. Gen. Op. 02-0122 regarding aggregate transactions is misplaced. In 2021, OPCD launched a new procurement and requisition system that requires submission of requisitions for procurement approvals. Additionally, OPCD will include an additional reference to the specific contract number within QuickBase for ease of reference, which contract number is already included in the individual invoice(s). Additionally, and despite OPCD's disagreement, OPCD is implementing Recommendation 5. OPCD's Finance Department will schedule an annual training on the purchasing policy including but not limited to purchasing and requisition management system, approvals and the submission of proper documentation.

OPCD thanks OIG for its assistance and advice and appreciates OIG's consideration of OPCD's response.

A handwritten signature in blue ink, appearing to read "Tyrell Morris".

Tyrell Morris, MBA, CPE  
Executive Director



## ORLEANS PARISH COMMUNICATION DISTRICT 9-1-1/3-1-1

**STANDARD OPERATING PROCEDURE NUMBER:** 1.3.3.

**SUBJECT:** Credit Card Policy

**ISSUED/REVISED:** Wednesday, March 15<sup>th</sup>, 2023

**RELATIVE REFERENCE(S):**

**ACCREDITATION STANDARD(S):**

**APPROVED BY**

*Jane T. Monin*  
Executive Director, OPCD

**DATE** 03/15/2023

### **Purpose**

Credit cards are used to facilitate necessary purchases for the OPCD to operate. This policy regulates their usage.

### **Restrictions**

Credit cards will only be used for the official business of the Orleans Parish Communication District.

Credit cards will be placed under strict control and be available for use in limited cases as set forth by policy.

### **Issuance of a Credit Card**

The issuance of a credit card must be authorized by the Director of Support Services with approval of the Executive Director. The approval will be documented in the Finance Office.

Credit cards must be issued in the name of the agency. Both the agency name and the authorized user must be printed on the physical card. The financial institution may request personally identifying information of the employee being issued to card to conduct additional suitability and risk screening. Employees seeking the issuance of a credit card must comply with requests for information from the agency's financial institutions.

Employees are prohibited from attempting and from receiving cash advances using the OPCD credit card. Credit cards will not be programmed to receive cash advances.

### **Security**

The finance department shall maintain a log of all credit cards issued to include the last four (4) digits of the card number, name of the employee it was issued, date of issuance, and signature of the employee who received the card. For cards that have been returned, the log should also include the date the card was return, who it was received by, and an additional signature of the person turning the card in.

Employees must immediately notify the finance department if a credit card is missing (lost or stolen). The finance department team member who receives this notification is responsible for immediately deactivating the card electronically or by notifying the issuing bank institution. Additional notification shall be made immediately to the Director of Support Services and the Executive Director. If a card is stolen, in addition to the notification requirements listed above, the employee who the card was assigned must immediately notify the local law enforcement agency having jurisdiction of the location where it is believe the card was stolen; and provide the sequence incident or report number to the Director of Support Services.

### Usage

All personal use or unauthorized use of a credit card is prohibited. If a personal or unauthorized purchase is suspected and/or reported, the employee who discovered and/or made the unauthorized purchase shall notify their immediate supervisor and the Executive Director in writing. All prohibited purchases must be reimbursed to the agency in compliance with the arrangements approved by the Executive Director. Employees that violate any portion of this policy may be subject to revocation of the credit card and disciplinary action up to and include termination of employment.

The following purchases are prohibited:

1. Cash advances on credit cards
2. Alcoholic beverages
3. Tobacco products
4. Prescriptions and drugs
5. Weapons
6. Service and Travel Upgrades
7. Goods and Services that have no public or business purpose

All purchases must be approved in accordance with the OPCD's purchasing policies/procedures and the Louisiana Public Bid Law (e.g., prohibiting splitting purchases to avoid a public bid law requirement).

Employees are responsible for obtaining original receipts/documentation as proof of purchase for documenting the business purpose on the receipts. The receipt/documentation must include an itemized list of items and/or services purchased to include any additional fees and taxes. All receipts/documentation must include the associated requisition number. The receipt/documentation is to be uploaded to the credit card management system with the required information by the cardholder within seven (7) days of the transaction.

Employees who have been issued a credit card are expected to exercise great care in protecting the card and the information on it from open access and misuse.

The Executive Director is responsible for notifying the district attorney and the Legislative Auditor of any misappropriation of funds, or assets of the organization.

**Recordkeeping**

The finance department is responsible for maintaining records of receipts/documentation from purchases and reviewing the original receipts and associated documentation.

At the end of each month, the finance department shall reconcile the receipts, purchases, documents, and purchase orders to the monthly credit card statement. During this review, the finance department shall ensure that all purchases are supported by documentation, checking for inappropriate purchases and completeness of purchase documentation.

At any time that card holder is not able to provide the required receipts/documents per this policy shall submit a memorandum to their immediate supervisor, the Finance Manager, Director of Support Services and Executive Director listing the items purchased, the business purpose and justification as to why the standard and required documentation is not available. Repeated instances of missing receipts/documentation may result in the revocation of the credit card and disciplinary action up to and include termination of employment

Payment will be made before the 10<sup>th</sup> of the next month (the due date on the statement) regardless of the collection of receipts.





**ORLEANS PARISH COMMUNICATION DISTRICT**  
**9-1-1/3-1-1**

**STANDARD OPERATING PROCEDURE NUMBER: 1.3.6.**

**SUBJECT: Purchasing**

**ISSUED/REVISED: September 10<sup>th</sup>, 2019**

**RELATIVE REFERENCE(S):**

**ACCREDITATION STANDARD(S):**

**APPROVED BY** *Jane T. Monin*  
**Executive Director, OPCD**

**DATE** **09/10/2019**

**PURPOSE:** To facilitate the procurement of necessary supplies, services and equipment to be used in furtherance of the mission of our Agency, and to obtain the lowest price, therefore.

**GENERAL PROVISIONS**

**LEGISLATIVE GUIDEDANCE**

As a political subdivision of the State of Louisiana, OPCD shall follow the provisions listed in the Public Bid Law (R.S. 38:2211, et seq.). The Louisiana Procurement Code DOES NOT apply to OPCD.

**CREDIT CARDS**

Credit cards are used to facilitate necessary purchases for the OPCD to operate. The OPCD Credit Card Policy #134, regulates their usage.

**VENDORS**

OPCD maintains a list of approved vendors that are regularly used and verified. Before a new vendor can be added to the list, the Finance Manager must ensure that the vendor is not suspended or debarred on the U.S. Government's System for Award Management (SAM) website, per sam.gov. For maintenance and repair of facilities, OPCD requires the vendor to provide a certificate of liability.

**RELATED PARTIES**

Related party transactions are strictly prohibited (i.e., transactions with any individual(s) or business that is "related" to an OPCD official/employee).

**PURCHASES BETWEEN \$0 AND \$999**

All purchases must be entered into the agency's requisition system and be routed for approval. All purchases under \$1,000 shall be approved by the Finance department and the Director of Support



Services. When possible, the requisition should be approved prior to the goods or services being ordered. In instances when this is not possible, an written explanation shall be entered into the notes section of the requisition.

#### **PURCHASES BETWEEN \$1,000 AND \$30,000**

##### **ALL PURCHASES MORE THAN \$1,000**

All purchases over \$1,000 shall be approved by the Executive Director via the requisition system prior to the goods and/or services being ordered. In cases where prior approval is not possible, authorization and exemption from the Executive Director must be documented.

##### **ALL PURCHASES MORE THAN \$10,000**

All requirements of purchases greater than \$10,000, the requisitioner shall make a documented attempt to collect at least three bids by telephone, facsimile or e-mail. The received quotes shall be uploaded and attached the requisition before it is submitted for approval.

##### **PURCHASES \$30,000.00 OR MORE FOR TANGIBLE GOODS:**

In compliance with the Public Bid law, the procurement of goods greater than \$30,000 require advertisement and a Request for Bids (RFB)/Request for Proposals (RFP). OPCD shall advertise all RFP/RFBs in the state procurement system.

#### **EXCEPTIONS**

##### **PURCHASES MORE THAN \$10,000 - STATE CONTRACT**

Any purchase of any amount may be made without bidding or other legal formality if the item is on "State Contract." Large vendors often have a government sales department that already has a Louisiana State Contract awarded. They will provide this information. A complete list and information for finding items on State Contract can be found at <http://www.doa.la.gov/pages/default.aspx>.

##### **PURCHASES MORE THAN \$10,000 - EMERGENCY**

Under emergency conditions, the Executive Director may make, or authorize others to make, emergency procurements when an imminent threat to the public health, welfare, safety, or public property exists. A written determination of the basis of the emergency is required.

**PURCHASES MORE THAN \$10,000- REQUEST FOR PROPOSALS**

An "RFP" for procurement of Telecommunications Equipment is provided for by state statute. See the Executive Director for complete details.

**FIXED ASSET PURCHASES**

Tangible goods with a per unit value of \$5,000 or greater and has a useful life of five years or greater shall be considered a fixed asset.

The technology department is responsible for tagging items that meet the fixed asset definition.

The finance department team shall maintain a schedule of fixed assets and record the appropriate yearly depreciation expense on the agency's balance sheet.

When an item is disposed, the department managing the asset shall immediately notify the finance team and the fixed asset schedule shall be updated.