

March 11, 2025

Gilbert Montañó
Chief Administrative Office
1300 Perdido Street, 9th Floor
New Orleans, LA 70112

President Jean-Paul “JP” Morrell
Council of the City of New Orleans
1300 Perdido St, 2nd Floor West
New Orleans, LA 70112

Re: Reporting Requirements for Outside Agencies Receiving City Funds

Dear Mr. Montañó and Councilmembers,

The Office of Inspector General (OIG) is authorized to comment on rules, regulations, policies, procedures, and transactions for the purpose of preventing fraud, waste, and abuse, or promoting efficient and effective government.¹ In 2024, the OIG released multiple audits, evaluations, and letters concerning City of New Orleans (City) funds allocated to outside agencies, such as the Orleans Parish Communications District (OPCD) and the Orleans Parish Sheriff’s Office (OPSO).^{2,3} The findings in these reports and letters demonstrated the importance of City oversight of funds distributed to outside agencies. This office has previously recommended that OPSO use the City’s Budget, Requisition, and Accounting Services System (BRASS) to improve transparency and ensure proper oversight of its use of City funds.⁴ This letter expands on that recommendation to include all outside agencies that receive significant funding from the City.

The OIG met with representatives of the City Council, which approves the City’s budget, and the City’s Budget Office to discuss what processes the City and City Council used to ensure outside agencies are appropriately spending City funds. The OIG also reviewed the City’s 2025 adopted budget to determine which outside agencies received funding from the City’s General Fund. The General Fund, which is the City’s main operating fund, provides funding for day-to-day activities of the City, such as public safety, local government, and streets and infrastructure. The General Fund includes all general tax revenues and general receipts that are not allocated by law or contractual agreement to another fund. The City Council provides discretion over this portion of the budget, where oversight is most crucial. The City’s 2025 adopted budget included approximately \$878

¹ Home Rule Charter of the City of New Orleans Article IX, § 9-401(2); City Code Section §2-1120(10)(f).

² Outside Agencies, as covered in this letter, are governmental agencies that are independent of the City, and are funded in part by City funds.

³ OIG reports can be found in the Reports & Letters section of the OIG website: <https://nolaoig.gov/investigations/>.

⁴ New Orleans Office of Inspector General, “Potential OPSO use of BRASS ERP System,” Issued October 31, 2023. <https://nolaoig.gov/wp-content/uploads/2023/10/OPSO-BRASS-Letter.pdf>.

million of General Fund spending, which was approximately 49% of the City’s \$1.8 billion budgeted expenditures, as shown in Figure 1.⁵

Figure 1. General Fund Portion of City Budget

Budget Category	2025
Total General Fund Expenditures	\$878,414,281
Total City Expenditures	\$1,782,832,126
General Fund Portion of Budgeted City Expenditures	49%

The City’s 2025 adopted budget allocated approximately \$123 million, or 14%, of the City’s \$878 million General Fund to 11 outside agencies, as shown in Figure 2.⁶ Combined, these outside agencies received more of the City’s budget than any City department aside from the New Orleans Police Department and the New Orleans Fire Department. The large amount of the budget allocated to these outside agencies represents a considerable risk for the City if the funds are not properly spent.

Figure 2. General Fund Distributions to Outside Agencies

Agency Name	2025	% of General Fund
OPSO	\$64,642,985	7.37%
OPCD	\$17,386,185	1.98%
District Attorney	\$12,361,389	1.41%
Criminal and District Court	\$7,737,666	0.88%
Municipal and Traffic Court	\$7,137,240	0.81%
Clerk of Criminal District Court	\$4,782,130	0.54%
Coroner’s Office	\$4,417,118	0.50%
Juvenile Court	\$3,322,199	0.38%
Registrar of Voters	\$481,811	0.05%
Judicial Retirement	\$364,000	0.04%
Museum of Art	\$283,851	0.03%
Total Outside Agency Distributions	\$122,916,574	13.99%

During discussions with the City’s Budget Office, as well as representatives of the City Council, both asserted they have taken recent steps to improve the City’s oversight of the use of funds for outside agencies. In November 2023, the City Council passed an ordinance (City Code Sec. 2-63) to establish budget submission and monitoring requirements for eight out of the 11 outside agencies that

⁵ City of New Orleans, “2025 Adopted Annual Operating Budget” <https://nola.gov/next/mayors-office/topics/budget/>.

⁶ Ibid.

received funds directly allocated from the City's General Fund, as well as the Orleans Public Defender.⁷ City Code Sec. 2-63 stated:

The following agencies are involved in the criminal legal system and are funded in part or wholly by city funds and shall be subject to the budget submission and monitoring requirements in this section:

- 1) Clerk of Orleans Parish Criminal District Court,
- 2) Municipal and Traffic Court of New Orleans,
- 3) Orleans Parish Communications District,
- 4) Orleans Parish Coroner,
- 5) Orleans Parish Criminal District Court,
- 6) Orleans Parish District Attorney,
- 7) Orleans Parish Juvenile Court,
- 8) Orleans Parish Sheriff, and
- 9) Orleans Public Defender.⁸

Beginning in 2024, City Code Sec. 2-63 required the nine outside agencies to provide monthly reports to the City Council that reflected the following information for the previous calendar month:

- Actual personnel spending (year-to-date),
- Personnel spending projections through the end of the year,
- Actual other operating expenditures (year-to-date),
- Other operating expenditure projections through the end of the year, and
- Staffing and vacancy data.⁹

Each outside agency subject to the reporting requirements established by City Code Sec. 2-63 received over three million dollars of City funds in the 2025 budget. The eight outside agencies that directly received funds from the City's General Fund collectively received 99% of the \$123 million General Fund dollars allocated to outside agencies for 2025.

Requiring these outside agencies to submit monthly reports enables the City Council, as well as the City Budget Office, to review important financial and personnel information throughout the year in addition to the standard review during the annual budget hearings. It also allows the City and outside agencies to address potential budgetary problems as they arise rather than at year-end.

⁷ All of these outside agencies receive funds from the City's General Fund. However, the Orleans Public Defender receives City funds through a municipal grant from the Chief Administrative Office instead of through a direct allocation. The 2025 adopted budget allocated \$11,002,180 to the Orleans Public Defender through this grant.

⁸ City Code Sec. 2-63. - Budget submission and monitoring requirements for certain agencies.

⁹ Ibid.

Our office believes that the recently established reporting requirements for outside agencies are a significant step forward in ensuring proper oversight of City funds. However, after reviewing the monthly reports submitted by outside agencies and discussions with the City Budget Office and City Council representatives, the OIG noted two issues that impair the City's oversight of outside agencies. These issues must be addressed in order to ensure outside agencies provide full transparency of their use of City funds.

The first issue that impairs City oversight of outside agencies is the timing of when those agencies submit their monthly reports. City Code Sec. 2-63 requires the outside agencies to submit their monthly reports, which reflect the previous month's expenditures and personnel information, on or before the last day of each month other than January.¹⁰ Although the outside agencies need time to prepare these reports, the end of month deadline can result in extensive delays between when City funds are spent and when the City receives the report that includes those expenses. For instance, if an outside agency made a significant purchase on March 1, 2025, the City may not see that expenditure reflected in a monthly report until the April 30, 2025 submission deadline. This timing issue could delay the City's response to questionable spending or potential budget issues.

The second issue that impairs City oversight concerns the lack of detail that the agencies are required to provide for their expenses in the monthly reports. At the time of this letter, the format of the monthly reports was based on the City's budget template and showed expenses grouped into broad categories, such as office supplies, storage, and equipment. While these broad categories help the City detect spending that may cause budget shortfalls for the outside agencies, the monthly reports lack the granular data detail of the specific expenses included in each category. This lack of transparency provides insufficient data for the City to verify outside agencies spent the funds appropriately.

In order to address the issues impairing City oversight of outside agencies, the OIG recommends that the City Council pass an ordinance requiring outside agencies to use BRASS to report expenses paid with City funds. The use of BRASS would ensure outside agencies' expenses are reported to the City timely, as well as provide transparency for each expense. Some outside agencies, such as the Coroner's Office and the Clerk of Criminal District Court, have already elected to use BRASS, enabling the City to promptly review their use of funds.

During conversations with the City, the OIG noted that the process of adding outside agencies to BRASS includes additional considerations that need to be addressed, such as licensing costs, the degree of segregation of the agencies, and potential changes to procurement policies. However, our office believes that these considerations are not insurmountable, and if addressed by the City and

¹⁰ City Code does not require the submission of a monthly report for December information in January since that is the last month of the budget year, the information would already be included during the next budget process, and it would be too late to address any budget shortfalls.

impacted agencies, the resulting transparency gained when outside agencies report their expenses in BRASS will correct issues impairing the City's oversight.

If an agreement cannot be reached regarding these additional considerations, the City Council should add language to City Code to require any outside agency that does not use BRASS to submit general ledger details of their monthly spending of City funds. While this would not address the timeliness issue in the current reporting system, it would significantly increase transparency in detailing how City funds were spent. It should not be difficult for outside agencies to include details of their expenditures in their monthly submission to the City since they should already document this information for their own financial reporting purposes.

As this office has previously recommended, outside agencies can improve transparency and ensure proper oversight of their use of City funds by reporting their expenses in BRASS.¹¹ The use of BRASS by outside agencies will ensure timely and transparent reporting of financial information to the City. This would also strengthen oversight over the outside agencies' use of public funds and ensure allocated funds are spent efficiently and effectively.

Sincerely,



Edward Michel, CIG
Inspector General

cc: Vice President Helena Moreno, Councilmember-At-Large
Joseph Giarrusso III, Councilmember District A
Lesli Harris, Councilmember District B
Freddie King III, Councilmember District C
Eugene Green, Jr, Councilmember District D
Oliver Thomas, Councilmember District E

¹¹ New Orleans Office of Inspector General, "Potential OPSO use of BRASS ERP System," Issued October 31, 2023. <https://nolaoig.gov/wp-content/uploads/2023/10/OPSO-BRASS-Letter.pdf>.