

TOWN OF WHITE CASTLE



COMPLIANCE AUDIT
ISSUED MAY 2, 2007

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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May 2, 2007

**THE HONORABLE MAURICE BROWN,
MAYOR, AND ALDERMEN
TOWN OF WHITE CASTLE**
White Castle, Louisiana

We have audited certain transactions of the Town of White Castle (Town) in accordance with Title 24 of the Louisiana Revised Statutes. Our audit was performed to determine the propriety of certain transactions relating to travel.

Our audit consisted primarily of the examination of selected financial records and other documentation and a review of the Town's policies, procedures, and practices. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Town's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. Copies of this report have been delivered to the Honorable Richard J. Ward, Jr., District Attorney for the Eighteenth Judicial District, and others as required by state law.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

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Executive Summary

From October 2001 to September 2006, officials and employees of the Town of White Castle (Town) used Town funds for personal or unnecessary expenses that may have violated the Louisiana Constitution¹ and Louisiana law.² In order for an expenditure to be constitutional, there must be an obligation to pay, the public should receive benefit, and the benefit gained should be equivalent to the amount expended. During our audit of the Town's records, we noted the following instances of expenditures that did not meet the constitutional requirements:

- The Town does not have a travel policy but, in practice, pays employees in advance between \$100 and \$200 a day for meals (per diem) while the employee is traveling. Town officials and employees are also allowed to submit receipts for reimbursement when their actual expenses while traveling exceed the per diem and charge the same expense to the Town credit card, thereby causing the Town to pay for the meal expense two or three times. In addition, some of these transactions involve the purchase of alcohol charged to the Town credit card, which may be a violation of the Louisiana Constitution.¹
- The Town issued credit cards to the mayor, town clerk, chief of police, town manager, and five aldermen. During the period October 2001 to September 2006, there were 1,121 credit card transactions totaling \$151,378. Valid receipts were missing for 424 (37.8%) or \$53,780 of these transactions. Since Town management did not maintain documentation to support credit card purchases, we could not determine if there was a valid business purpose for these transactions. On occasion, Town officials and employees used the credit cards to pay for personal expenses, such as doctor visits and theme park tickets. We identified 16 purchases on the Town credit card that were later reimbursed by employees from 2 to 113 days after the purchase date. By not collecting these reimbursements in a prompt manner, the Town may have violated the Louisiana Constitution¹ by improperly loaning its credit to employees, which caused the Town to incur finance charges on the unpaid balances.

In addition, Mr. Clarence Rogers, the now former chief of police, used the Town's credit card to continuously rent vehicles from September 15 to December 6, 2006, incurring charges of \$3,504. We attempted to contact Mr. Rogers to determine the public purpose for the rentals, but he has not returned our calls. The mayor stated these rentals were not used for Town business. In addition, Mr. Rogers listed his wife as a driver, indicating the rentals were for

¹ **Article 7, Section 14 of the Louisiana Constitution** provides, in part, that except as otherwise provided by this constitution, 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.

² **R.S. 14§67** provides, in part, "Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations."

R.S. 42§1461(A) provides, in part, "Officials, whether elected or appointed and whether compensated or not, and employees of any "public entity" . . . by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed."

personal purposes. In January 2007, Mr. Rogers paid \$1,500 to Enterprise resulting in a credit to the Town credit card; however, there is a remaining \$2,004 balance. Mr. Rogers' use of a public credit card for personal purposes may violate Louisiana Law.²

- As of September 2006, the Town has 15 cellular phones issued to employees and aldermen, which cost the Town at least \$448 per month in monthly usage charges, but the Town does not have a written policy to control the use of the phones. We noted monthly usage charges for one Town employee as high as \$524. In one instance, an employee used 12,000 minutes in one month. In addition, Mr. Garnell Young, an alderman, had as many as three cellular phones at one time, which were paid for by the Town. We reviewed the reimbursement records for Mr. Young's 2005 cellular phone bills but could not determine if the Town is due additional funds because the Town could not provide a reconciliation of charges reimbursed to the Town.
- The Town purchased at least \$1,713 of alcohol at local restaurants or grocery stores, which the attorney general has opined is considered a violation of the Louisiana Constitution.³
- The Town purchased at least \$3,658 of flower arrangements and food trays with public funds for funerals of employees, employees' families, and Town residents, which the attorney general has opined is considered a violation of the Louisiana Constitution.³

³ **AG Opinion 03-0157** provides, in part, "The Office of the Attorney General has historically opined that the payment or reimbursement for food, drink, or the expenses associated with parities and other types of celebratory functions, from public funds, is improper." and "This office is unaware of any legal obligation or authority that has been placed upon political subdivisions such as fire districts which would authorize the utilization of public funds to purchase or defray the cost of flowers for a hospitalized fireman."

Travel Expenses

The Town did not have a written travel expense policy during the period of financial records we audited. In practice, the Town pays a per diem to employees based on the location of travel. The Town uses per diem rates that vary from \$100 to \$200, depending on the location of the travel, but there is no written explanation as to what per diem is intended to pay for. Town employees state the per diem rate covers meal and mileage expenses while traveling; however, the employee can submit a travel reimbursement form for any amount exceeding the per diem if receipts are provided. The travel reimbursement forms are subject to the mayor's approval. When asked, the mayor stated the Town has always paid travel expenses in this manner and that the prior mayor told him it was acceptable to do so. The mayor also stated that Town practice is to charge a meal, at least one night per trip, to the Town credit card for traveling employees and aldermen of the Town, even though they are receiving per diem.

Other expenses, such as airfare and lodging, are paid using the Town credit card. There is no written policy stating travel guidelines or limitations of travel expenses the Town will pay. Because the Town does not have a written travel policy, travel expenses are incurred that are either unnecessary, personal in nature, or a duplication of an incurred expense which may violate the Louisiana Constitution¹ and Louisiana law.² To determine if an expenditure of public funds is proper, Article 7, Section 14 of the Louisiana Constitution¹ requires the agency to ensure that:

- (1) there is a legal obligation to pay for a particular service or material;
- (2) there is a public benefit from this purchase; and
- (3) the benefit gained is at least equivalent to the amount expended.

No public official or political subdivision is exempt from these criteria. Therefore, when public funds are expended, it is imperative that the three criteria are satisfied. If the three criteria are not satisfied, there may be an improper loan, pledge, or donation, which is equivalent to an improper gift.

When a public official receives such a gift from his/her political agency in the form of payments for travel or expenses, which do not benefit the public body, that public official may be in violation of Article 7, Section 14.

We reviewed all available travel records for the period October 2001 to September 2006 and determined \$8,142 were unnecessary or duplicated expenses. On 35 trips, the Town paid a total of \$4,269 in meal and incidental travel expenses charged to the Town credit card or reimbursed to the employee after the employee had already received a per diem check covering these same meal expenses. Eleven employees and aldermen have also received overpayments of per diem, mileage reimbursements, and incurred personal charges such as movies, alcohol, and video games on hotel bills totaling \$3,873 that the Town should not have paid. The following are examples of these overpayments and unnecessary expenses:

Mayor Maurice Brown, mayor of the Town since 1993, attended the National Conference of Black Mayors (NCBM) Leadership Institute from December 14-17, 2002, in Miami, Florida. Before this trip, he authorized and received a \$700 per diem check. After returning from this trip, he submitted \$858 of receipts, including \$79 of alcohol, and was reimbursed \$158 for the amount incurred over per diem. In addition, he charged \$63 for meals to his hotel bill, which he paid with the Town credit card. The receipts for the meals charged to the hotel bill were also included in his travel reimbursement request for expenses over the per diem he received; therefore, Mayor Brown was reimbursed, in part, for expenses he did not incur. The mayor also charged a \$125 meal at Britos Restaurant in Miami to the Town credit card, but he could not explain the public purpose for the meal or who was with him. In total, Mayor Brown spent \$1,046 (\$261 each day) for meal expenses on this trip, which is \$346 above the Town's per diem.

During the weekend November 23-25, 2001, nine aldermen, employees of the Town, and their guests attended the Bayou Classic including the mayor and the town clerk, Ms. Stacey Adler. Ms. Adler received a \$300 per diem check (\$100 per day) before the trip. During the trip, she incurred \$368 of expenses and was subsequently reimbursed the amount over per diem (\$68) after she requested reimbursement on the Town's travel form. These expenses included \$65 of alcohol purchases and \$30 for Battle of the Bands tickets. It appears the purchase of tickets and alcohol contributed to Ms. Adler exceeding the per diem she received. These expenses appear to be personal in nature and are not reimbursable with public funds.

From October 12-17, 2003, Ms. Adler and Ms. Monica Major, assistant town clerk, attended the Louisiana Municipal Clerks Institute (LMCI) held in Baton Rouge. Ms. Adler and Ms. Major stayed overnight at hotel rooms in Baton Rouge even though White Castle is only 27 miles one way from the conference site. If both employees would have carpooled each day to the conference site, the town would have incurred \$103 of mileage charges for both employees to attend the conference. By staying overnight, the Town incurred additional expenses for meals and lodging totaling \$1,112.

From May 13-18, 2006, Ms. Adler attended the International Institute of Municipal Clerks (IIMC) in Anaheim, California. During the trip, Ms. Adler used the Town credit card to purchase a \$124 bus tour of the area from Starline Tours. The purchase was made at a kiosk at 1:18 p.m. on May 15, 2005. Ms. Adler recalled taking the tour at the time she purchased the ticket. According to the IIMC conference agenda, a general session meeting was held at the time Ms. Adler was on the bus tour. Ms. Adler stated the conference agenda was incorrect and that the tour was part of the conference. However, Ms. Jennifer Ward, IIMC education associate, stated the conference agenda was correct and that the general session started at 1:30 p.m. on May 15, 2005.

Mr. Kipp Knight, a now former alderman of the Town, attended the Louisiana Municipal Association (LMA) conference from August 7-9, 2003, in New Orleans. Mr. Knight received a per diem check of \$600 before the trip. However, the per diem rate in New Orleans is \$150 per day; therefore, he should have only received \$450 and was overpaid \$150. Mr. Knight submitted an expense report form upon his return that

FINDINGS AND RECOMMENDATIONS

provided him a second payment of \$96 consisting of \$45 of tips with no receipts and \$51 of mileage for which he claimed to incur on his trip. Mr. Knight then received a third check for \$61, but Town records did not include a detailed expense report to determine the purpose for the payment. In total, he was overpaid \$307 for this conference, but we could not determine if he reimbursed the Town for this overpayment. We attempted to contact Mr. Knight on several occasions, but he did not return our calls.

Town officials and employees attend numerous conferences and meetings each year such as the Bayou Classic events, NCBM, LMA, and LMCI annual conferences. The public purpose for attending some events is not apparent after reviewing travel documentation. For example, Town employees, to include the police chief's secretary and the utility clerk, attend events held in conjunction with the Bayou Classic football game such as the Louisiana Chapter of NCBM meeting and Legislative Black Caucus (LBC) Jazz Brunch. The mayor stated the public purpose of attending these meetings is "networking opportunities"; however, he cannot provide the public purpose for as many as nine employees and aldermen to attend nor can he provide who he and other employees "networked" with. In addition, the meetings attended start Friday afternoon and end by Saturday afternoon, which leaves time to return to White Castle on Saturday afternoon. However, the Town's practice is to pay for the employees to stay Saturday night at the hotel, incurring additional hotel charges and another day of per diem for the employees' travel expenses. In 2005, the Town paid \$2,818 for the additional hotel charges and per diem expenses to allow employees and aldermen to stay the additional night. The mayor defended this practice by explaining the hotel rooms have to be purchased in two night blocks, which requires the Town to pay for the additional night.

We compared the 2007 fiscal year travel budget of the Town to two similar-sized towns, Brusly and Clinton. The results of the analysis are the following:

Travel Budget Analysis - Fiscal Year 2007				
Town	Population	Revenue	Travel Budget	Percent of Revenue Budgeted for Travel
White Castle	1,946	\$948,000	\$22,500	2.37%
Brusly	2,020	\$3,177,817	\$17,300	0.54%
Clinton	1,998	\$607,605	\$6,500	1.07%

*2000 U.S. Census

We discussed all of the above issues with Mayor Brown. During these discussions, Mayor Brown stated no one has ever told him the Town's travel practices or policies were a problem. However, during the 2004 and 2005 financial audits, the Town's financial auditor, Hawthorn, Waymouth, & Carroll, LLP, reported problems with incomplete travel documents and no travel policy. The Town's written response to the 2005 audit findings dated February 14, 2006, stated, "The Town will review travel policies of neighboring municipalities and revise the current travel policy which is out of date." As of September 2006, the end of the fiscal year, Town management could not provide us a revised travel policy. The mayor may have violated

Louisiana law⁴ by failing to adopt a reasonable travel policy and continuing to pay unnecessary or duplicate expenses. In November 2006, we provided the mayor with a copy of PPM 49, the state of Louisiana's travel policy and recommended the Town use the state's policy, to include the hotel and per diem rates, as the basis for the Town's travel policy.

As of January 2007, the Town adopted a new travel policy that provides guidance for allowable travel expenses but still uses the Town's \$100 to \$200 per diem rates for meals. The Town's new policy provides for employees and aldermen to be reimbursed for meals up to \$100 per day for travel within a 50-mile radius to \$200 per day for international travel. In comparison, the state's travel policy⁵ sets meal rates in low cost areas at \$31 per day and increases to as high as \$51 per day for international travel. Since the Town's per diem rates are at least three times higher than that allowed for state government employees, the Town may be violating the Louisiana Constitution¹ by providing gratuitous payments to Town employees with per diem that far exceeds reasonable costs for meals.

We recommend Town management:

- (1) implement a policy outlining additional guidelines and limitations for travel similar to the state's policies;
- (2) adopt a per diem only policy, to include lodging and meals at the state rates;
- (3) discontinue reimbursing travel expenses incurred over per diem amount;
- (4) discontinue allowing Town officials and employees to charge travel expenses to the Town credit cards; and
- (5) consider the public purpose and public benefit for amounts expended to determine if a trip or meal is in the best interest of the public.

Credit Card Usage

The Town issued credit cards to the mayor, town clerk, chief of police, town manager, and five aldermen. During the period October 2001 to September 2006, Town employees made 1,121 credit card transactions totaling \$151,378. The Town was missing itemized receipts for 424 (37.8%) of these transactions totaling \$53,780.

Since Town management did not maintain documentation to support credit card purchases, we could not determine the business purpose, necessity, or reasonableness of the purchase or if the purchase benefited the Town. Purchases with no valid business purpose, that

⁴ **R.S. 14§134** provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him, or to perform any such duty in an unlawful manner. Any duty lawfully required of a public officer or public employee when delegated by him to a public officer or public employee shall be deemed to be a lawful duty of such public officer or employee. The delegation of such lawful duty shall not relieve the public officer or employee of his lawful duty.

⁵ **PPM 49**, *Louisiana Travel Guide*, 2006-2007.

are not necessary to the operations of the Town or that are made at an unreasonable price may be a violation of the Louisiana Constitution,¹ which prohibits the donation of public funds.

In practice, Town management does not pay the total amount of the credit card bill and is not making timely payments. Over the five-year period, the Town incurred finance charges on 56 occasions totaling \$4,765. On eight occasions, the Town made a late payment incurring \$272 in late fees.

In addition, personal purchases were charged to the Town credit card. In some cases, the amount of the purchase was reimbursed to the Town; however, the total of all personal purchases and verification of the reimbursement could not be determined because of missing documentation.

The attorney general⁶ has opined that the use of a public credit card for personal expenses is only permissible if the official or employee is in extraordinary circumstances, was given authority by the public entity, and reimburses the public entity as soon as possible after the charges are made and before the receipt of the bill. Routine use of the public entity's credit card is not permissible.

We identified 16 purchases charged to the Town credit card that were later reimbursed by employees totaling \$4,653, ranging from theme park and airline tickets to dental and medical charges. The reimbursements for these purchases were collected from 2 to 113 days after the purchase date. By not collecting these reimbursements in a prompt manner, the Town may have violated the Louisiana Constitution¹ by improperly loaning its credit to employees which caused the Town to incur finance charges on the unpaid credit card balances.

In December 2006, Mr. Clarence Rogers, the now former police chief, charged \$3,504 at Enterprise Rent-A-Car (Enterprise) in Plaquemine, Louisiana. The invoice we obtained from Enterprise indicated that Mr. Rogers used the Town credit card to pay for a continuous rental car from September 15 to December 6, 2006. The invoice also listed Mr. Roger's wife, Ms. Verneen Rogers, as an additional driver. At the end of the rental period, Mr. Rogers failed to pay Enterprise for the rentals, causing Enterprise to charge the Town's credit card. We attempted to contact Mr. Rogers to determine the public purpose for the rentals, but he has not returned our calls. The mayor stated these rentals were not used for Town business. Since the mayor was unaware of the rentals and Mr. Rogers listed his wife as a driver, it is unlikely that the rentals had a public purpose. In January 2007, Mr. Rogers paid \$1,500 to Enterprise resulting in a credit to the Town credit card; however, there is a remaining \$2,004 balance. Mr. Rogers' use of a public credit card for personal purposes may violate Louisiana law.²

The assistant town clerk determines reimbursable personal expenses from the credit card statement at the time the credit card bill is received. The reimbursements from employees and aldermen are monitored using scraps of paper kept in a folder. The payments are either paid

⁶ **AG Opinion 92-597** provides, in part, that "It would not be a violation . . . to allow for a public official or employee to use a credit card issued to a public entity in making a personal charge in cases of extraordinary emergency if that official or employee promptly remits payment to the public entity as soon as possible after the charges are made and prior to receipt of the bill for payment the public entity. If this is done the credit of the public entity would not be extended for personal use. Public officers and employees should not routinely use a public entity's credit card for personal purchases."

directly to the credit card company or the Town or are payroll deducted, which makes the monitoring of employee reimbursements a daunting task.

We recommend Town management:

- (1) implement a credit card usage policy that:
 - outlines guidelines and restrictions for credit card usage,
 - requires employees to turn in all receipts, including itemized receipts for meal purchases, and
 - requires documentation of the business purpose and attendees of all meals charged to the Town credit card;
- (2) require credit card users to sign a form acknowledging their understanding of the policy;
- (3) discontinue the use of the credit card for personal purchases;
- (4) reconcile prior personal purchases to amounts reimbursed;
- (5) pay the entire amount due on the credit card bill;
- (6) make payments to the credit card company on time; and
- (7) collect all monies due to the Town.

Cellular Phones

As of September 2006, the Town had 15 cellular phones issued to Town officials and employees, which cost the Town at least \$448 per month; however, the Town does not have a written cellular phone usage policy. Town employees stated the Town pays for the entire cost of monthly cellular phone usage charges for employees and \$65 per month for each of the aldermen. The Town uses payroll deductions to obtain reimbursements from the aldermen for any billed amounts over \$65.

We reviewed the Town's monthly cellular phone usage bills for the period January 2005 to September 2006 and noted music and game downloads and usage as high as 12,000 minutes in one month and monthly charges for one line as high as \$542. The Town did not recover any of this \$542 payment from the employee. The attorney general⁷ has opined that personal use of a Town issued cellular phone does not require reimbursement to the Town unless the personal usage causes an overage of the plan minutes. The Town does not receive an itemized bill of all calls and does not require employees to identify personal use; therefore, we were unable to

⁷ **AG Opinion 06-0225** provides, in part, that "it is the opinion of the office that employees of the East Baton Rouge Sheriff's Department that are provided department issued cell phone are not required to reimburse the Department for personal calls under a block-minute billing plan . . . provided there is no additional cost incurred by the Department."

determine if there was any personal use of the Town's cellular phones beyond the music and game downloads.

During the calendar year 2005, Mr. Garnell Young, alderman, maintained the use of two Town cellular phones at a cost to the Town of \$2,272. The Town practice of paying \$65 per month for aldermen would indicate Mr. Young should have reimbursed the Town \$1,492. Town records indicate Mr. Young paid the Town \$1,113 for the additional cellular phone usage charges, leaving a difference of \$379 due to the Town. During the audit, Town management could not provide a reconciliation of charges reimbursed to the Town; therefore, we were unable to determine if, after 2005, Mr. Young paid the difference back to the Town. Page 4 of management's response indicates a reconciliation was maintained by the Town's contract accountant; however, the mayor, town clerk, and assistant town clerk did not provide us with this schedule during the audit or mention its existence. The schedule provided by the Town's contract accountant indicates that Mr. Young had a balance of \$350 due as of September 2006. Any unpaid amount due to the Town may violate the Louisiana Constitution.¹

We contacted Mr. Young to discuss his cellular phone. Mr. Young stated that he had two cellular phones, one for him and one for his wife, and he reimbursed the Town through payroll deductions. He does not look at the bills nor does he keep a reconciliation of payroll deductions to billed amounts. He stated he trusted Town management to deduct the proper amounts from his checks.

The Town's financial auditor reported issues with advances of funds to employees in the 2004 and 2005 fiscal year financial audits because of the Town's practice of personal use on Town cellular phones. In the 2005 fiscal year financial audit, the Town's response stated, "In January 2005, the Town realized the problem with cellular phones and took immediate corrective action as follows: Cellular phones for employees, except for elected officials and town managers, were eliminated. The Town has also implemented a policy to reimburse expenditures up to a limited amount. Excess costs are paid by the individual." However, Town records indicate Mr. Young maintained the use of three cellular phones until November 2006, and employees such as Ms. Trameka Coleman, the police chief's secretary, continued use of Town issued cellular phones. By not addressing the personal use of Town cellular phones, the mayor and aldermen may have violated Louisiana law.⁸

⁸ **R.S. 14§67** provides, in part, "Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations."

R.S. 42§1461(A) provides, in part, "Officials, whether elected or appointed and whether compensated or not, and employees of any "public entity" . . . by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed."

R.S. 14§134 provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him, or perform any such duty in an unlawful manner.

We recommend Town management:

- (1) require necessary employees and aldermen to obtain a personal cellular phone;
- (2) cancel all Town issued cellular phones;
- (3) develop a monthly cellular phone allowance for essential Town officials and employees based on reasonable documented business use;
- (4) reconcile prior amounts due for personal usages to amounts reimbursed to ensure all reimbursements due have been received; and
- (5) collect all monies due to the Town.

Additional Alcohol, Flowers, and Food Purchases

During the period October 2001, to September 2006, the Town purchased at least \$1,713 of alcohol at local grocery stores and restaurants. The majority of the alcohol was purchased at grocery stores. According to the mayor, the alcohol was used for the Entergy Team City business appreciation dinner and other Team City events and subsequently reimbursed by Entergy to the Town. However, Entergy representatives state that they do not reimburse alcohol in relation to the Team City program. The attorney general⁹ has opined the purchase of alcohol with public funds is prohibited by the Louisiana Constitution.¹

Town officials and employees also purchased \$5,806 of meals at local restaurants. Ms. Adler stated that employees of the Town will charge meals to the credit card when attending a day meeting or when meeting with potential vendors. However, the employees failed to document the business purpose and attendees of each meal. When asked, the mayor stated that some meals were attended only by employees.

The Town also purchased \$3,658 of food trays and flower arrangements with public funds for funerals of employees, their families, and members of the community. The attorney general¹⁰ has opined that without a legal obligation, the Town cannot use public funds to purchase or defray the cost of flowers or food.

⁹ **AG Opinion 99-358** provides, in part, “it is the opinion of this office that the Commission can use its funds to host a luncheon for the dignitaries enumerated above under the following conditions: . . . public funds are not used for the purchase of alcohol.”

¹⁰ **AG Opinion 03-0157** provides, in part, “The Office of the Attorney General has historically opined that the payment or reimbursement for food, drink, or the expenses associated with parities and other types of celebratory functions, from public funds, is improper. . . . This office is unaware of any legal obligation or authority that has been placed upon political subdivisions such as fire districts which would authorize the utilization of public funds to purchase or defray the cost of flowers for a hospitalized fireman.”

FINDINGS AND RECOMMENDATIONS

We recommend Town management cease buying alcohol, food, gifts, and flower arrangements with public funds and implement a policy outlining guidelines and limitations for meals not related to travel.

This information has been provided to the District Attorney for the Eighteenth Judicial District of Louisiana and others as required by law. The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney.

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The Town of White Castle is located in Iberville Parish and has a population of 1,946. The Town is governed under the provisions of the Lawrason Charter and operates under a Mayor-Council form of government.

The examination was performed to investigate allegations of travel improprieties. The procedures performed during the examination included:

- (1) interviewing Town employees;
- (2) interviewing other related persons;
- (3) gathering documents from external parties;
- (4) examining selected documents of the Town; and
- (5) reviewing applicable state laws and regulations.

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Management's Response



MAURICE A. BROWN
MAYOR

STACEY D. ADLER
TOWN CLERK

MARIO D. BROWN
CHIEF OF POLICE

MAYOR'S OFFICE
TOWN OF WHITE CASTLE

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Since 1884

ALDERMAN:
GARNELL YOUNG
JOHN BARLOW
GERALD WILLIAMS
ERICK BATISTE
JONATHAN GREENE

April 11, 2007

Mr. Steve Theriot, CPA
State of Louisiana
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

Dear Mr. Theriot:

We have reviewed your correspondence dated March 30, 2007 concerning your draft compliance audit findings. With respect to the matters discussed, we have the following for your consideration:

Travel expenses

The Town is in agreement that documentation relating to travel expenditures needs improvement. The Town will review the specific matters cited, including your recommendations, so that meaningful actions are taken. Additionally, the travel practices of the Town are long-standing which pre-dates the current Mayor. Furthermore, the Town is taking the following actions:

1. Revision of its travel policy that was enacted in January 2007. The revisions are summarized as follows:
 - The revision relates to the use of federal per diem rates for meals and incidental expenses to establish maximum daily amounts. Furthermore, a daily travel allowance amount is set at \$75 per day for all travel related costs, excluding lodging. The travel allowance is meant to be utilized for out-of-pocket expenses rather than meals only and sets an expectation of a reasonable level of spending. As such, the expenses will cover meals, mileage for use of personal vehicles, taxi fares, tips and other costs related to travel. The Town will set the maximum meal allowance for breakfast, lunch and dinner as provided in federal per diem rates adopted by the City.

Furthermore, a travel expense recap schedule will be used to reconcile costs expended to the travel allowance received. Any unsupported amounts will be reimbursed by the employee.

- Enhancement of the required level of documentation, including a vendor receipt and demonstration for meeting the criterion for public funds expenditures.
 - Re-enforce the use of the travel expenditure recap schedule to determine per diem funds usage. Any excess amounts will be reimbursed to the Town by the employee.
2. The Town will discontinue the use of its credit card while on business travel, except in necessary and reasonable situations. Additionally, the use of the travel recap schedules described above and adherence to the travel policy will eliminate duplications in payment of business travel expenses. If a credit card is used and assuming it is necessary, the charge would not be included in with the employee's reconciliation of travel and, as such, no duplicate payments should occur. For example, if a per diem amount is not issued, the credit card may be used for meals that are properly supported in the public interest and adhere to purchase policies.
 3. For the items noted in your report related to travel, alcohol and tour purchases, the Town will review these matters and seek reimbursement from the employee or elected official for any amounts deemed unnecessary. Furthermore, such purchases are prohibited in the purchasing policies that the Town intends to implement during 2007. See Attachment A.

The revised policy is enclosed, as Attachment A, for your review and consideration. Furthermore, management of the Town disagrees that overnight stay in Baton Rouge is unnecessary. In certain cases concerning travel by the Mayor, certain meetings occur in the late evening, and as such, require overnight stay. The Town does not anticipate changing this practice. However, the Town will adhere to the enclosed travel policy and will continue to obtain Town Council approval for travel related activities and costs.

Finally, the Town reviewed the comparisons to two municipalities in your report. Management of the Town believes that travel activities are a matter of policy. As such, the policies of the identified municipalities are obviously different from the Town. The Town believes there is a public interest in enhancing the skill set of its employees and networking for opportunities for the Town. As a result, the Town anticipates continuing to access these opportunities. On the other hand, the Town agrees that better documentation is necessary to include demonstration of the related public benefits. Those two issues are addressed in the attached draft policy.

With respect to your recommendations, we have the following:

- 1) **Implement a policy outlining additional guidelines and limitations for travel similar to state policies.** Management of the Town has attached a draft policy for the Town Council's consideration. The policy addresses the matters recommended. Management plans to introduce the proposed policy manual in April 2007.
- 2) **Adopt a per diem only policy, to include lodging and meals at the state's rates.** The Town addressed this matter in the attached policy by using the rates set forth at federal per diem amounts.
- 3) **Discontinue reimbursing travel expenses incurred over per diem amounts.** The policy as attached discontinues this practice. A daily allowance of \$75 is set for travel related costs, excluding lodging, and is required to be supported by actual costs incurred. Amounts in excess of the daily rate of \$75 will not be reimbursable, unless deemed allowable and necessary expenses, which is subject to approval by the Mayor.
- 4) **Discontinue allowing town officials and employees to charge travel expenses to the Town credit cards.** The Town will discontinue this practice. However, lodging for future travel will be secured through credit cards. In addition, the credit card will be available for emergency and necessary costs while out of town, but should not be often.
- 5) **Consider the public purpose and public benefit for amounts expended to determine if a trip or meal is in the best interest of the public.** The Town will make that determination on a case by case basis when travel is approved during budgetary hearings and discussions with the Town Council.

Credit Cards

The Town is disappointed with the results of your audit relating to credit card usage. The Town agrees that documentation practices should be enhanced. Additionally, the Town agrees that a written policy should be developed to address the matters described in your report. The Town is considering the following actions with respect to credit card usage:

1. The Town will minimize the number of credit cards currently being utilized. The Mayor, Town Clerk, Chief of Police and the Town Manager will be the only on-going cardholders. The Town will maintain custody of credit cards at Town hall for elected Councilman. In the event of travel for these individuals, a credit card will be issued to the Councilman on a temporary basis. Any charges incurred or purchases made by Councilman will be required to adhere to the proposed purchase manual, Section VI – Credit Cards.

To the extent credit card charges are not properly supported or violate purchasing policies, such charges will be reimbursed by the Councilman.

2. The Town is considering using credit cards that allow for limited use and purchasing controls. Currently, the Town's credit cards may be used in an unlimited manner. The Town is interested in credit card programs that provide for purchasing controls.
3. Town management has developed a credit card policy which is enclosed as Attachment A. The Town Council has not currently adopted the policy, but it will be presented during April for their consideration. Furthermore, an acknowledge form is included for employees with credit card purchasing authority to sign. Finally, the policy addresses the required level of documentation necessary for credit card purchases, including prohibited use.
4. The Town normally pays vendors on a 30 day term. The Town will pay credit card charges on the same term as other vendors, which will eliminate any potential finance charges.
5. The Town will reconcile the credit card statement monthly to ensure that receipts are retained, charges relate to purchases that satisfy public purposes, and all charges are reasonable and necessary. To the extent the charges are not supported in accordance with the policy, the cardholder will have the amount payroll deducted and all cardholder privileges revoked.

Furthermore, when this matter was originally discovered, the Mayor instructed all parties that personal use of the credit cards was prohibited. Subsequently, the matter was disclosed to the Town's auditors and the matter was reported in the 2004 audit.

The Town disagrees that a reconciliation of personal purchases was not made. Upon discovery of the matter, the Town's internal CPA firm maintained records of personal purchases, employee reimbursements and payroll withholdings. The schedules prepared for credit card and cellular phone usage was captured monthly to maintain a balance of amounts owed by employees. This matter and reconciliation schedules were provided to the Town Councilman from a disclosure standpoint. In addition, the schedules and support data were provided to the Town's auditors since a receivable balance is maintained on the Town's general ledger. At September 30, 2006, a balance of approximately \$500 remained that primarily related to cellular phone payment. On the other hand, the schedule has not been updated for activity in 2007, but that effort is underway. In any event, the Town will collect funds owed.

6. The most notable use of the credit card for personal usage subsequent to the Town's year end is the Chief of Police's charge for vehicle rental. At this point the City is vigorously pursuing this matter for reimbursement of these charges. The Town is turning this matter over to its legal counsel for further action.

Finally, the Town will discontinue the use of the credit cards for personal purchases.

With respect to the recommendations made, we have the following:

- 1) **Implement a credit card usage policy.** The Town is in agreement with your recommendation and the proposed policy is attached.
- 2) **Require credit card users to sign a form acknowledging their understanding of the policy. The Town agrees with your recommendation.** The acknowledgement is included in the attached policy.
- 3) **Discontinue the use of the credit card for personal purchases.** The Town will discontinue the personal use of the credit card and it is addressed in the proposed policy.
- 4) **Reconcile personal purchases to amounts reimbursed.** The Town considers this matter addressed since the internal CPA firm prepared schedules of activity for the Town's auditors to support the receivable maintained on the general ledger. The Town agrees that the support prepared by its personnel was insufficient. As a result, these schedules were initiated in 2004 and are prepared periodically to provide support to the Town's auditors with respect to this matter.
- 5) **Pay the entire amount due on the credit card.** The Town is pursuing payment of the rental charges from the former Chief of Police. However, the outstanding balance will be paid and a receivable will be maintained for the amount owed. The balance will be collected in 2007.
- 6) **Make payments to the credit card company on time.** The Town anticipates resolving this matter in 2007. The Town has an excellent record of paying vendors timely and will maintain credit card payments in a similar manner going forward.
- 7) **Collect all monies due to the Town.** The Town is actively pursuing payments from employees and former employees. The Town anticipates collecting all monies prior to the close of its fiscal year.

Cellular Phones

The Town is considering the following actions with respect to cellular phones:

1. The Town will discontinue providing cellular phones to employees and Town Councilman. Cellular phones will be maintained and paid on a personal level by those individuals. Monthly billings will be received and paid by the individual. See Attachment A.
2. The Town has developed the enclosed cellular phone policy that includes a monthly allowance of \$50 for personnel and Town Councilman.
3. The Mayor, Chief of Police and Town Manager will continue use of a Town owned cellular phone. Additionally, the Town Manager's departmental employees will maintain cellular phones through the Town since the average monthly bill is \$20. Since these individuals are on 24 hour duty/call, it is necessary and in the best interest of the Town to maintain this arrangement. However, due diligence will be exercised with respect to the monthly payment incurred.
4. The Town maintained a reconciliation cell phone activity since 2004 to track these costs and related reimbursements. However, at September 30, 2006, a balance of approximately \$500 was owed by various individuals. These amounts will be collected during 2007. See credit card discussion above.

With respect to your recommendations, we have the following:

- 1) **Require necessary employees and alderman to obtain a personal cellular phone.** See number 1 and 2 above.
- 2) **Cancel all Town issued cellular phones.** See discussion above.
- 3) **Develop a monthly cellular phone allowance for essential Town officials and employees based on reasonable documented business use.** See Numbers 1 through 4 above.
- 4) **Reconcile amounts owed for personal usages to amounts reimbursed to ensure all reimbursements due have been received.** The Town has maintained this reconciliation since 2004. See discussion on credit cards.
- 5) **Collect all monies due to the Town.** The Town will actively pursue all payments due at this time through payroll deduction, personal checks or use of the Town's legal counsel.

Mr. Steve Theriot
April 11, 2007

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Additional Alcohol, Flowers, and Food Purchases

With respect to the items identified, the Town is implementing the following:

1. **Cease buying alcohol, food, gifts, and flower arrangements with public funds.** The Town has issued the enclosed a purchasing policy as Attachment A. The policy indicates that the purchase of alcohol, food, gifts, flower arrangements or similar personal purchases are prohibited.
2. **Implement a policy outlining guidelines and limitations for meals not related to travel.** The purchase of meals not related to travel is addressed in the enclosed draft policy as Attachment A.

Other

Town officials are treating this matter seriously and will implement required corrective action in a timely, effective and diligent manner.

Furthermore, as a result of the actions taken and proposed, management disagrees that it has committed malfeasance in office. As such, management believes that it is acting diligently to resolve these issues. Finally, management and the Town Council have always maintained a philosophy of acting in the Town's best interest and will do so in the future. In addition, adherence to state laws is of the utmost importance to management and administration of public funds will be conducted accordingly.

If you have any questions or comments, don't hesitate to call me.

Sincerely,



Maurice A. Brown,
Mayor

**PURCHASING/POLICY MANUAL FOR
THE TOWN OF WHITE CASTLE**

EMPLOYEE ACKNOWLEDGEMENT

I hereby acknowledge that I have read this entire policy document and understand its contents and related internal policy and administrative procedures.

I understand that adherence to the enclosed policy is my responsibility and duty as an employee of the Town of White Castle. I also understand that violation of any section of this policy is grounds for reprimand and possible termination of employment. Any such actions will be subject to disciplinary actions from the Mayor or Town Council.

Employee signature

**TOWN OF WHITE CASTLE
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SECTION I STATEMENT OF POLICY

The Purchasing Department policies and procedures are designed to be of service to all departments, while complying with sound purchasing principles, and state laws. The Town of White Castle (Town) shall establish a centralized purchasing activity for procurement of all goods and services for all departments. The objectives to be achieved through these processes are as follows:

- A. Compliance with state and, when appropriate, federal statutes and related regulations concerning the purchase of materials and service with public funds.
- B. To provide the community of White Castle with an economical and efficient process for the expenditure of public funds.
- C. To provide a means of budgetary control over expenditures so that the staff, department heads and other managers of the Town comply with budgetary constraints established by the Town Council
- D. To provide a framework for the staff, departments heads and other managers of the Town to plan for the efficient execution of work projects and tasks for which they are responsible.
- E. To provide a list of approved vendors from whom materials and services are to be purchased.
- F. To provide a means for vendors of the Town to be paid in a timely manner. Vendors who process charges for the Town without an approved purchase order will be at risk for payment of such items. The Town will appropriately notify the public and its vendors of this requirement annually.
- G. Staff members, department heads and other managers of the Town who purchase materials and services for the account of the Town without a properly issued purchase order will be personally responsible for payment to such vendors.
- H. Contract preparation and approval procedures vary with the type and size of contract; however, all contracts are to be authorized and signed by the Mayor only. Departments are not authorized to sign contracts or enter into agreements with outside parties. Generally, Council approval is required for the larger contracts.

In the absence of the Mayor, the Town Clerk is authorized to execute contracts and purchase orders that are outside the authorization of his/her limits, but in those cases where the Mayor can be reached for authorization, such approval is necessary. In the case of emergencies, the Town Clerk may act on behalf of the Mayor and will communicate with the Mayor as soon as practical concerning such actions.

SECTION II LEGAL REQUIREMENTS

State statutes create the legal framework for the Purchasing Department's activities. The primary legal references are found in title 38, LA RS 38:2211-2261. All purchases specified in the Revised Statutes must be processed by all departments in compliance with those policies and procedures. In general, these requirements, which apply to all departments, are as follows:

- A. Purchases of materials and supplies between \$10,000 and \$20,000 require three informal quotes. Inquiry of bid can be by telephone; the Town will obtain written bids in response. The purchasing department shall use due diligence to secure written quotations from three qualified bidders. At the discretion of the Town, these purchases may be advertised for bid.
- B. Purchases of materials and supplies over \$20,000 must be made by formal, sealed bids with advertisement in the Town's official journal, as required by statute. All formal bids awarded must be approved by the Town Council. Written quotations shall be publicly opened and read at a specified date, time and location as advertised in the request for bid. Each bidder shall be notified of the date, time and location of the bid opening.
- C. Purchases involving labor for construction, maintenance and services may be obtained through informal quotation for projects under \$100,000. Formal, advertised bids are required above this amount.
- D. In no circumstance, shall the Town award a purchase in violation of the Louisiana Code of Governmental Ethics (Code) relating to nepotism. No contract shall be awarded to a family member of a public official or public servant of the Town as defined in the Code.
- E. Professional service contracts are generally not subject to the public bid law regarding sealed bids; however, the following professional services require approval of the Town Council.
 - 1. Engineering and architectural services
 - 2. Outside Legal Counsel
 - 3. CPA Auditing Services
 - 4. Accounting Services
- F. Contracts and purchases will be authorized as follows:
 - 1. Following tabulation of the quotations or bids received, the Town Clerk will review the tabulations and make a recommendation regarding the lowest bid that conforms with the bid specification. On the other hand, major construction projects undertaken by the Town are normally administered by the Town's engineering firm. The Town, at its discretion, may authorize its engineering firm to secure construction services that complies with this policy

2. The Town may reject bids at its discretion.

G. **State and Federal funds.** When state or federal funds are used to make purchases, specific regulations apply to the purchase. The Town shall review the guidelines established by the applicable granting agency prior to the initiation of a purchase request to determine any special procedure required and cost eligibility.

Debarment and suspension. In transactions involving federal funds, the Town is required to ensure that contractors and subcontractors that are debarred, suspended or ineligible from participation in federally assisted programs are properly excluded. Any contractor and subcontractor selected shall submit a certification prior to the award of a federally funded contract.

Procedures for handling emergency purchases or contracts are provided by statute which allow waiver of certain requirements in order to expedite the purchase or award of the contract. Unless the emergency has been declared by the Council, Purchasing should be contacted to obtain necessary approvals for the emergency.

Changes to contracts or purchase orders are subject to the same controls and approvals as the original agreement.

Rentals and leases (generally short-term - See below) are not covered by the Public Bid Law, since they are neither "Public Work" nor purchases of materials and supplies.

These procedures are hereby established for contracts for rentals and leases in accordance with the authority of the Purchasing Department.

"Rentals" generally apply to short time periods of 90 days or less, and are normally associated with rental of movable equipment or material.

"Leases" are normally entered into for long-term rentals of fixed assets (i.e., office space, etc.) or movable equipment, and may require special provisions such as a non-appropriation clause if the lease extends beyond the current fiscal year.

If a rental or lease agreement contains an option to purchase at any time during the agreement or at expiration of the agreement, it must be considered as a purchase and must be bid according to Public Bid Law for material and supplies.

THE TOWN SHALL MAINTAIN WRITTEN DOCUMENTATION WITH EACH PURCHASE THAT DEMONSTRATES ADHERENCE WITH THIS POLICY AND LOUISIANA REVISED STATUTES. VIOLATION OF THIS POLICY AND LOUISIANA REVISED STATUTES MAY RESULT IN DISCIPLINARY ACTION BY THE TOWN.

SECTION III PREPARATION AND USE OF PURCHASE REQUISITIONS

Purchase requisitions are used to order supplies, materials, services, and equipment and must be prepared by the Department Head. The requisition is purchasing authority from the department to purchase the requested items for the department. Requisition forms may be obtained from the Town Clerk. The Town Clerk or Town Manager is responsible for issuing purchase orders. The Town Clerk with reconcile issued purchase orders with vendor invoices received on such purchases.

A. The requisition form must include the following information:

- Department and delivery location
- Requisition date
- Signature of person authorized to sign for department
- Suggested Vendor
- Complete description of item(s) requested
(If additional space is needed, follow the same format on plain paper.)
- Quantity desired
- Account number (fund, dept, area, project, etc) and representation that adequate funds are available in the Budget
- Name and telephone number of person to contact for additional information

B. Requisition forms are processed as follows:

1. All copies are sent to the Town Clerk or Town Manager, a copy should be taken for the department's files.
2. The requisition will be reviewed by Town Clerk or Town Manager to verify that funds are available, request bids/quotations, and select the vendor.

If funds are not available, the Town Clerk will contact the department to inform them that the requisition will not be processed until funds are transferred into the appropriate account.

3. The requisition, **with supporting documentation**, is then sent for proper approvals by the Mayor for approval prior to the issuance of a Purchase Order.

The approval authorizations are as follows:

- The department head can approve up to \$50,
- The Town Clerk can approve amounts in excess of \$50 and less than \$150.
- The Mayor will approve all purchases in excess of \$150.

- C. Departments are urged to forward all required information to expedite processing. Incomplete descriptions or lack of specifications will delay the order since Finance must obtain the information from the user prior to securing bids.
- D. All quotes shall be obtained by the Town Clerk and all ordering shall be done by the Town Clerk unless expressly approved by the Mayor.
- E. Staff members and departments heads will not separate purchases into smaller lots to circumvent the purchase process.
- F. Staff and department heads are responsible for planning their work in an appropriate time frame so that requisitions and purchase orders may be issued with sufficient advance time so that the purchasing process functions in an orderly manner.
- G. The Town Clerk, with the approval of the Mayor, may initiate an inventory of commonly used consumable supplies and materials to facilitate the purchasing process.
- H. If a Department Director needs to know what something will cost before agreeing to purchase please write the words "QUOTE ONLY" and the requisition will be returned once quotes are obtained. If a Department Head is aware that the requisition will go over the bid law amount please inform the Town Clerk.

SECTION IV PREPARATION AND USE OF PURCHASE ORDER

After requesting bids and selecting the low qualified bidder, Finance completes the requisition. After the requisition is approved by the Town Clerk, the Town Manager and/or the Mayor, a purchase order is to be issued. The purchase order form is to be prepared in the MIP accounting system to provide for an automated processing of purchase orders, including sequential numbering of purchase orders, matching of vendor invoices prior to check disbursement and periodic reports of processed data.

When delivery has been completed, the authorized person for that department should sign the receiving ticket and forward it to the Town Clerk with the purchase order for payment. The Town Clerk will not pay the vendor without the verification of receipt by the receiving department. The original copy of the vendor's invoice is usually mailed to the Town Clerk by the vendor. If an invoice is received by the department, it must be sent to the Town Clerk with the receiving ticket.

Annual Purchase Orders/Contracts

Annual Purchase Orders/Contracts may be utilized for various defined on-going services where either the total scope of the project is identified, such as monthly lawn maintenance, weekly janitorial services and herbicide application; or where the type of service is identified such as sewer repairs or street pothole repairs, where the locations are not identified, but estimated quantities are utilized to establish a contract maximum or size range. This type of Annual Contract falls under the appropriate labor contract procedures for the total estimated value of the contract as described above.

Blanket purchase orders. These are purchase orders for items frequently requisitioned of a smaller amount individually by departments. Blanket purchase orders may be issued with a dollar amount specified for a particular vendor for such expenditures for not longer than a monthly basis. Items are requested against this blanket order until the allocated amount is expended. The department may then requisition for another blanket purchase order. It is the responsibility of the department supervisor to control purchases under annual purchase orders.

Lead Time. The lead time required for issuing purchase orders for materials and supplies varies depending on the estimated cost and complexity of the job.

1. Requisitions for routine items costing \$10,000 or less require approximately one to two weeks for issuance of the purchase order.
2. Requisitions for items costing over \$10,000, which involve formal bid procedures and should allow at least five weeks for issuance of the purchase order.

3. The preceding lead times are average and can vary widely depending on circumstances. Telephone and facsimile quotations for pricing can be used for small and some emergency situations. Conversely, incomplete data or specifications can delay request for bids.
- D. If it is necessary to return an order, the department should contact the Town Clerk so that proper arrangements can be made with the vendor.
 - E. On occasion, where several items are ordered, the vendor may make partial shipment and place the balance on 'back order'. Payment for partial shipments may be made depending on the situation. A department shall not sign for merchandise not received.
 - F. Service agreements are yearly maintenance agreements on office equipment such as computers, copiers, and dictating equipment. When new equipment is purchased, the majority of the time, it carries a warranty. For this reason, a service agreement is usually not needed until expiration of the warranty. Invoices for equipment under a maintenance agreement should accompany a requisition and proof of expired warranty and forwarded to the Town Clerk for processing.
 - G. The state issues annual contracts for a wide variety of materials. The Town Clerk and Town Manager, at their discretion, may procure without competitive bids, equipment and supplies that are under contract with the State of Louisiana, Division of Administration, with the Mayor's approval.

SECTION V PURCHASE SPECIFICATIONS

Proper specifications are essential for obtaining maximum competition among vendors and to obtain the goods and services desired.

The Town Clerk or Town Manager may be able to provide suggestions and assistance. The department is responsible for the technical specifications for the item desired. Specifications must include sufficient detail so that there is no doubt as to what is intended, but must be open to competition.

There are many different types and combinations of specifications. The elements, described as follows, are to be used as a guideline for preparing appropriate specifications. In most cases, specifications contain several of the times listed.

- A. Performance:
Function or use of the product is the basis for definition.
- B. Design:
Particular characteristics of the product and its arrangement are the basic definition.
- C. Approved Products List:
Actual product has been tested or examined and approved, prior to seeking bids.
- D. Questionnaire:
The purchaser prepares a product information sheet which accompanies the request for prices and which each bidder must complete and return as part of his bid,
- E. Sample:
The purchaser requires the vendor to furnish a representative sample of products offered for comparison and evaluation in determining the successful bidder.
- F. Equivalent:
One or more vendor's products or typical workmanship is designated as the standard of quality desired. The purchaser reserves the right to approve any other equivalent as acceptable.

Once a decision has been reached on the specifications and the request for bids has been issued, all bids must be based on the same written specifications. Bidders shall not have a right to substitute other specifications for those contained in the bid.

If clarifications of, or changes to the specifications are necessary once the specifications are issued for bids, these changes may be made by written addendum from Purchasing, subject to certain restrictions on timing.

SECTION VI CREDIT CARDS

The Town Council has authorized the use of credit cards by the Mayor, Town Clerk, Town Manager and Chief of Police, and are subject to the approval of the Mayor. Credit cards may be issued to Town Councilman, but custody will remain with management of the Town. When it is necessary and reasonable for Town related travel, these credit cards assigned to Councilman will be issued. Councilman credit cards may not be issued without the approval of the Mayor.

In general, the use of credit cards for purchases is intended to eliminate the small and somewhat isolated purchases made for the Town so that financial administration is enhanced by the efficiency associated with the credit card. Credit cards charges should not be made in a manner to circumvent the purchase order system of the Town or sound policies of public financial administration.

Credit cards may only be used by cardholders with the approval of the Mayor. Furthermore, credit cards may be utilized on business travel related to the Town and in the public interest. Any credit card usage related to travel requires supporting documentation of all itemized charges as stipulated below. **Purchases made with the credit card shall not be eligible for reimbursement from travel allowance amounts set forth in Section VII.**

Furthermore, each credit card will be restricted for expenditures within the purchasing guidelines as specified by the Town through the Mayor and the credit card issuer. Cash will not be accessible by a credit card issued by the Town.

The individuals issued a credit card will be responsible for its security, administration and management. **The use of a credit card for personal purchases is strictly prohibited.** Each holder of a credit card will sign a document that defines their responsibility for their usage of the card for official Town business only, and acknowledges their personal liability for failure to provide proper documentation for charges and the improper usage of the credit card.

Each credit card holder will provide the itemization of their charges and provide the appropriate documentation of the credit charge in a timely manner. Appropriate documentation will include, at a minimum, a signed copy of the card receipt and the underlying itemization of the charges. Failure to provide this documentation in a timely manner, i.e. within 5 days of its submission to the credit card holder, will result in immediate termination of credit card privileges and reimbursement of said charges by the cardholder. Furthermore, documentation shall include the vendor invoice and description of the public purpose of the purchase.

The purchase of alcohol, flowers or other personal charges with credit cards or any other means is strictly prohibited. Any said personal purchases shall result in reimbursement of the related charge by the cardholder and termination of cardholder privileges.

The purchase of other food items shall be accompanied by the vendor invoice and documentation satisfying the public purpose related to the purchase and demonstrates the Town business conducted.

SECTION VII TRAVEL

GENERAL

Expenses will be reimbursed to Town of White Castle (“the Town”) Council members, officers, and employees who are required to travel in the course and scope of their employment with the Town. Any such travel or attendance at a conference/convention/seminar must be submitted to the Mayor or Town Council for approval prior to the employee registering for the travel or attending event and subject to budgetary considerations. All travel is subject to approval by the Mayor.

A conference/convention/seminar is herein defined as a meeting (other than routine) for a specific purpose and/or objective. Documentation required for reimbursement is a formal agenda, or program, or a Letter of Invitation, or conference invoice. No reimbursement will be allowed for functions not relating to a conference, i.e. tours, dances, golf tournaments, etc. Expenses will only be reimbursed to the employee upon proof or documentation of a paid receipt.

Immediately, upon conclusion of any employee’s travel, an expenditure report will be prepared documenting the costs incurred and supported by actual receipts as attached.

All travel expenditures are required to satisfy Article VII, Section 14 of the Louisiana Constitution, more specifically as follows:

1. There is a legal obligation to pay for a particular service or material,
2. There is a public benefit from this purchase, and
3. The benefit gained is at least equivalent to the amount expended.

HOTEL/LODGING

For a hotel to qualify as conference/convention/seminar lodging, the hotel must be hosting, in “conjunction with hosting” the meeting or within the general vicinity of the conference. Actual cost directly related to the hotel room will be reimbursed to the employee upon paid receipt or paid directly by the Town. Direct cost is defined as the hotel room and any applicable fees & taxes. Each case must be fully documented as to necessity (e.g. proximity to meeting place) and cost effectiveness of alternative options. Charges for room service, movies, games, personal phone calls, etc. are not be covered as part of the room cost and shall be paid personally by the employee.

HOTEL/LODGING (CONTINUED)

When making reservations, please ask the following questions:

1. Is there a special conference rate or governmental rate available?
2. What is the hotel's cancellation policy?
3. What is included in you stay? (breakfast, local phone calls, internet, etc.)
4. What is your confirmation number and do you need to present the credit card used for reserving your room at the time of check in?
5. What time is check in/out? (Note: this will be applicable to the time zone they are in).
6. Do you need to bring a tax exempt form at the time of your arrival?

TRANSPORTATION

The most cost-effective method of transportation that will accomplish the purpose of the travel shall be selected. Among the factors to be considered should be length of travel time, cost of operation of a vehicle, cost and availability of common carrier services, etc.

If the employee's private vehicle is used, mileage will be reimbursed at the rate consistent with the Federal reimbursement rate per mile. If a commercial airline is used, a receipt will be required for reimbursement and will only be reimbursed at the cost of the lowest logical airfare ticket price. Additionally, the Town may pay for the airline travel directly for official Town business. A town-owned automobile may be used when available under appropriate circumstances.

Parking fees or taxi fares will be reimbursed based on receipts as deemed necessary. Tips for valet parking, when offered as a compliment, are not to exceed \$3 per day.

MEALS

The cost of meals will be reimbursed at actual cost and verified by a receipt.

The maximum reimbursement for meals for travel will be equal to the maximum allowance provided for breakfast, lunch and dinner as stipulated in Publication 1542 for federal per diem rates by City. The Town will review the publication as set forth by the Internal Revenue Service to determine the appropriate rate of reimbursement prior to travel approval.

No meal allowance may be collected for meals provided at the conference, convention, meeting, etc. and included in the cost of registration.

Miscellaneous tips: Standard allowance of \$5.00 per travel day.

MEALS (CONTINUED)

Other expenditures: All other expenditures must be supported by detailed receipts and must be both reasonable and justified as part of the actual business expenses associated with business travel for the Town.

PER DIEM

Travel allowance rates are set by the Town Council as submitted by the Mayor. The travel allowance rate is \$75 per day. **Travel allowance payments are used to offset costs as defined herein and incurred by the Town's employees while on business travel for the Town.** The travel allowance amount will be used to offset the cost of meals, use of personally owned vehicles, taxi fares, and parking fees. The travel allowance amount received will be used in the preparation of the travel expense report submitted and as attached on page 15.

Furthermore, meal purchases will be limited to federal per diem rates as set forth on the section of meals on page 12 and determined prior to travel approval.

UNSUBSTANTIATED EXPENSES

To the extent an employee fails to submit an expense receipt, the expense will be ineligible for reimbursement. As such, the employee will be expected to reimburse the Town for any such instances.

WAIVERS

The Mayor or Town Council may waive in writing any provision in this policy when the best interest of the Town will be served.

All travel reimbursements are subject to approval by the Mayor. At the Mayor's discretion, certain travel reimbursements may be denied.

SECTION VIII CELLULAR PHONES

It has been a longstanding policy of the Town to provide cellular phones to select employees for use in the fulfillment of their duties. Since the Town began providing cellular phones to select employees, the use has become integral to the operation of the Town.

Beginning upon adoption of this policy, the Town will discontinue the issuance of cellular phones and the provision of cellular phone service to employees.

Instead, certain employees of the Town shall be required to privately purchase and maintain a cellular phone for official use. The Town will provide certain employees with a monthly cellular phone allowance at a fixed rate as determined by the Mayor.

The phone service must be statewide coverage and must contain voicemail. Additionally, these select employees shall provide a copy of the service provider bill monthly indicating service is being paid for and provided.

The rate of reimbursement shall be based on the required coverage area and the anticipated amount of usage. The rate of reimbursement shall be \$50 per month and periodically determined by the Mayor.

Furthermore, the Mayor, Chief of Police and Town Manager, and the Town Manager's departmental employees will continue to use a Town owned cellular phone. Such expenditures shall be reasonable and necessary. These expenditures will be paid directly by the Town.

Town of White Castle
 Travel expense report
 Date: _____

Employee name: _____

Purpose of travel:

Hotel/lodging (if paid personally):

Hotel name: _____

Cost: \$ _____ -

Days stayed/
 Date range _____

Transportation:

	Total miles driven	Federal rate	
Personal vehicle mileage	_____	_____	\$ _____ -

Taxi fares \$ _____ -

Valet parking \$ _____ -

Parking fees \$ _____ -

Airline fare (if paid personally)

Airline carrier _____ \$ _____ -

	Date	Restaurant	Cost of meal	
Meals:	_____	_____	_____	
(Limited to daily federal	_____	_____	_____	
per diem rates)	_____	_____	_____	
	_____	_____	_____	
	_____	_____	_____	
	_____	_____	_____	\$ _____ -

Travel allowance amount received \$ _____ -

Total due (from) employee \$ _____ -