

**CITY OF NEW ORLEANS
CHIEF ADMINISTRATIVE OFFICE**

POLICY MEMORANDUM NO. 74

September 14, 1987

TO: All Departments, Boards, Agencies and Commissions

FROM: Kurt D. Steiner, Chief Administrative Officer

SUBJECT: AUDIT REQUIREMENTS FOR GRANTS AND CONCESSIONS

1. PURPOSE.

This memorandum establishes requirements for audits of all grants and concessions awarded by the City.

2. DEFINITIONS.

- A. A grant is an award of public funds or property to an agency or person for the performance of services on behalf of the City. Grants may be funded by various sources and are usually implemented by contract.
- B. A concession is a means of allowing an agency, company or person to use public property or equipment for a specified activity, with an agreement to share in the profits or proceeds. Concessions are usually accomplished by contract or lease.

3. SCOPE.

This policy applies to all grants, regardless of funding source, and to all concessions awarded by City departments or agencies.

4. GRANT AUDITS.

As a matter of public policy, any City department or agency awarding a grant must require, as a specific contractual obligation, that the grantee provide four copies of an audit performed by a certified public accountant approved by the City. The audit must conform to established professional standards.

In addition, the audit requirement shall be extended, by contractual obligation, to all sub-grantees. It shall be the contractual responsibility of the grantee to engage the audits as part of its administrative responsibility for the grant.

The funding of the cost of audits may be provided in one of two ways:

A. A grantee may request the cost of audits as a line item in its budget. Such a request may be considered by the City but the City is under no obligation to agree.

B. The grantee may engage audits from its own resources.

In addition to adhering to generally accepted auditing standards, audits of grants funded by sources other than the general fund must satisfy all requirements and regulations of the funding source. In particular, grants of federal funds must require that audits adhere to the standards of the single audit concept.

5. CONCESSION AUDITS.

Audits shall be required of any agency, company or person awarded a concession based upon profit sharing or payments, including rents that are a percentage of total receipts, volume of business or other standards.

6. GRANT AND LEASE REQUIREMENTS.

All grants and leases covered by this policy must include provisions which clearly affirm the City's right to verify all information by the examination of all business records, bank accounts, and profit and loss statements. The City's right to examine shall include the performance of an audit by its own agents, if necessary, but this right does not absolve the grantee or concessionaire of its audit requirement.

7. AUDIT COPIES.

A copy of all audits obtained as a result of this policy must be given to the Bureau of Internal Audit, Chief Administrative Office, Room 9E01, City Hall. The copies will be maintained in an audit library.

8. INQUIRIES.

Any questions concerning this policy should be referred to the Internal Audit Administrator, 586-4636.

KDS/VJP, Jr./snj