

OIG IN BRIEF

Why the OIG Did This Report

In 2015 thirty-three departments and agencies used 1.6 million gallons of fuel provided by the City at a cost of \$3.2 million. The automated fuel dispensing system recorded approximately 110,000 transactions for more than 2,000 vehicles and 2,000 fuel users.

The significant cost of providing fuel to a large number of vehicles across multiple departments and agencies requires effective fuel dispensing controls to guard against theft and ensure that taxpayer dollars are spent wisely. However, employees were often provided with access to fuel cards that could be used at these facilities with minimal supervision.

Evaluators sought to determine if the City had processes in place to prevent fuel cards or personal identification numbers (PINs) from being misused, transaction controls in place to restrict fuel use, and an effective review process to identify and investigate suspicious transactions.

A report to the City of New Orleans, June, 29, 2016.

[View OIG report](#) IE 15-0012. For more information contact Nadiene Van Dyke at (504) 681-3200 or nvandyke@nolaog.gov.

Fuel Dispensing

What the OIG Found

The City exercised limited oversight of its fuel dispensing program: policies and controls over fuel dispensing were unenforced and ineffective. These deficiencies meant that the City could not reliably track fuel use or determine who was using fuel, in what quantities, and for which vehicles.

City policy prohibited the sharing of fuel cards and PINs, but many fuel users ignored the requirements. The City lacked effective procedures to identify and deactivate fuel cards and PINs assigned to vehicles and employees no longer associated with the City. Many departments and outside agencies did not provide information needed to maintain an accurate inventory of fuel cards and PINs.

The City did not require all fuel users to enter accurate odometer readings in the fuel system or implement a setting that would have alerted departments when fuel users entered inaccurate information. As a result of these lax controls, fuel users entered inaccurate odometer information in approximately 25 percent of all fuel transactions that occurred in 2015. The large volume of unreliable data combined with a lack of training for vehicle coordinators made it impossible to identify and investigate instances of fuel theft.

What the OIG Recommended

Failures of policy and practice at every step of the fueling process can only be fixed by making significant changes to the City's fuel dispensing program. In order for these recommendations and any additional controls to work effectively, the City must demonstrate a commitment to hold fuel users and vehicle coordinators responsible for repeated noncompliance.

The City needs an accurate inventory of fuel cards and PINs to track fuel use. The EMD attempted to implement procedures to reduce the number of inactive PINs and fuel cards, but many departments and outside agencies failed to cooperate. The City should issue new PINs to all fuel users, re-issue fuel cards for all vehicles and equipment, and develop effective mechanisms to maintain the integrity of this information.

The City should require all fuel users to enter accurate odometer readings and establish transaction controls that limit the number of gallons that can be dispensed in a single transaction. Reducing the number of transactions with inaccurate odometer information would make it easier for the City to identify suspicious fuel transactions. Additionally, the City should train vehicle coordinators to identify suspicious transactions and ensure that exceptions are investigated in a timely manner.