The Office of Inspector General of the City of New Orleans (OIG) conducted an evaluation of the City's fuel dispensing policies and procedures. In 2015 the City spent approximately $3.2 million on more than 1.6 million gallons of fuel. Given this significant investment, the City needs effective fuel dispensing controls to ensure that taxpayer dollars are spent wisely and to guard against wasteful and fraudulent fuel use. The purpose of the evaluation was to determine if the City had effective controls over fuel dispensing in place.

The objectives of this evaluation were to determine whether:

1. the City had processes in place to prevent the misuse of fuel cards and personal identification numbers (PINs);
2. transaction controls prevented fuel from being distributed to unauthorized individuals and vehicles; and
3. procedures for reviewing and investigating questionable fuel transactions successfully identified the theft or misuse of city fuel.

Evaluators found little oversight of the City's fuel dispensing program: policies and controls over fuel dispensing were unenforced and ineffective. City employees responsible for maintaining the fuel system implemented new procedures in 2014 and 2015 that should have reduced the number of invalid cards and PINs. However, departments and employees did not follow protocols consistently or record information accurately.

City policy prohibited the sharing of fuel cards and PINs, but many fuel users ignored the requirements. Fuel users also entered inaccurate information into the fueling system. As a result, the system generated large amounts of unreliable data, making it more difficult for the City to review fuel transactions for suspicious activity and identify the theft or misuse of fuel. In addition, many departments and agencies did not sufficiently review fuel use reports to identify and investigate questionable transactions or report information needed to keep an accurate inventory of fuel cards and PINs.

As a result, the City could not reliably track fuel use or determine who was using fuel, in what quantities, and for which vehicles.

The evaluation included the following findings:

- Fuel users shared fuel cards, and there was no effective process for identifying and deactivating inactive fuel cards.
- Fuel users shared PINs, and the City did not reliably identify and deactivate PINs belonging to fuel users no longer employed by their agency or department.
- The City did not use settings in the fuel system designed to (1) alert vehicle coordinators if users entered inaccurate odometer readings or (2) restrict the number of gallons that could be dispensed from the automated fueling system during a single transaction.
- Vehicle coordinators did not review fuel dispensing reports sufficiently to identify suspicious transactions.
- The City did not effectively monitor fuel use at its non-automated fueling locations.

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

- The City should reissue fuel cards for all vehicles and equipment and develop an effective mechanism to inventory and deactivate fuel cards.
- The City should reissue PINs to all authorized fuel users and develop effective mechanisms to identify and deactivate former employee PINs.
- 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.
- The City should provide training to vehicle coordinators and take steps to ensure that they identify and investigate suspicious fuel transactions.
- The City should repair broken fuel dispensing counters, ensure that all required information is recorded in New Orleans Fire Department daily fuel sheets, and enter data about fuel transactions into the automated fuel dispensing system.

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.

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