

Chapter 1 Executive Summary

This is an interim report concerning our evaluation of a portion of the City of New Orleans passenger vehicle fleet. We restricted this initial evaluation to a portion of the fleet that falls under the management of Mayor and the Chief Administrative Officer (CAO). This portion of the fleet includes the Administrative and Direct Service Fleet excluding the New Orleans Police Department.¹ We refer to this fleet as the Administrative Fleet.

We are issuing this interim report to provide City officials an early opportunity to consider our observations, conclusions and recommendations while we continue our evaluation of the remainder of the City's vehicle fleets. Specifically, we plan to evaluate the New Orleans Police Department fleet, the Aviation Board fleet, the Civil Sheriff fleet, the Criminal Sheriff fleet and the Sewerage and Water Board fleet.

We tested the Administrative fleet for compliance with best practices, State statute, City ordinances and City policy. To perform our tests, we interviewed City personnel and reviewed records that these employees provided. This report documents specific observations made during our work. Based on these observations and our analysis, we have concluded that the City:

- Does not have the information systems that can provide managers with data needed to make sound decisions and assess the performance of the passenger vehicle fleet.
- Has decentralized fleet management responsibilities by delegating most fleet management decision making to the various department heads.
- Does not have an oversight mechanism to test compliance with the policy.
- Has not assessed vehicle utilization to determine whether fleet size is appropriate and to establish a baseline for fleet operations.
- Does not determine the cost to operate individual vehicles or classes of vehicles and cannot document the fiscal impact of decisions about passenger vehicles.

The Mayor has delegated responsibility and accountability for the day-to-day activities of the management of the City vehicle fleet to the Chief Administrative Officer (CAO) who has provided policy direction for City managers and employees. Additionally, the City Council and Mayor have provided guidance through Ordinances. Further, good business practice dictates the presence of certain internal controls. In the sample of departments and vehicles we tested, we found substantial non-compliance with the statutes, policies, ordinances and good business practices that have been established for the management of passenger vehicles. These include:

- More take home cars than authorized by ordinance.
- Absence of criteria for assigning take home vehicles to city employees.
- Absence of documentation supporting the assignment of take home vehicles.

¹ We will next evaluate the New Orleans Police Department Fleet. The purposes and rules for the New Orleans Police Department Fleet differ greatly from the Administrative Fleet.

- No indication that cost is a consideration in the assignment of take home vehicles.
- No restrictions on the distance from an employee's residence to the employee's work site.
- No reports documenting the extent of personal use of vehicles.
- No comparison of personal use charges deducted from employee salaries to the listing of take home vehicles authorized.
- Centralized vehicle inventories created by the CAO do not agree with inventories produced by departments.
- Some City vehicles are not marked as required by ordinance and statute.
- Vehicle inventories that are reported to the external auditor for City financial statements do not agree with centralized inventories created by the CAO in numbers or in values and are not generated by the CAO.
- Fuel use is not adequately monitored by departmental vehicle coordinators and is not adequately monitored by the CAO's office.
- Personal identification numbers required to dispense fuel are not properly protected and are being shared by employees.
- Employees are entering improper and inaccurate odometer readings into the fuel use system when fueling.
- Anomalies in fuel use are often unchallenged and unexplained.

In a letter to the CAO dated July 28, 2008, we expressed concern about the abilities of the present fleet management data system and recommended that during the current budget process, the city fund an updated fleet management data system that could provide City managers with more and better information that is needed to make informed decisions about the vehicle fleet.² This item was not included in the Mayor's 2009 budget request. We are renewing that recommendation and we are also recommending that the CAO:

- Provide new and definitive policy guidance for use of City vehicles including specific criteria for assigning take home vehicles and how take home vehicles may be used.
- Centralize fleet management and oversight under an experienced fleet manager with the ability and authority to test and require compliance with policy and the authority to implement best practices.
- Perform an assessment of vehicle utilization to determine the appropriate fleet size and to establish a baseline for fleet operations before purchasing additional vehicles.

Our work was planned and conducted in accordance with *Principals and Standards for Office of Inspector General* and generally accepted Government auditing standards for performance audits except that this is an interim report that will be combined with the results of our evaluations of the remaining fleets when those evaluations are completed. Our evaluation of the Administrative fleet included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objectives.

Because our review was limited, it would not have necessarily disclosed all internal control deficiencies that may have existed at the time of our work. Additionally, we were unable to rely upon information produced by the City's automated data processing

² OIG-A&R 20080002 dated July 28, 2008.

systems. One of our findings and one of our recommendations address this issue. However, we did not conduct a full assessment of the reliability of computer processed data.

Further, the Department of Public Works failed to schedule access to vehicles for our inspection and unnecessarily delayed our work. The authority for our access to personnel, property and information is based in statute, charter and ordinance. Despite the delay caused by the Department of Public Works, we continued our work in other departments and we will include this department in our future evaluations. We are also recommending that the City issue written guidance to all department heads on the authority of this office and the expectations for cooperation without impediments.