

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an inspection of the City's policies and procedures related to fuel receiving.

The primary objective of the inspection was to determine if there were adequate safeguards in place to ensure that the amount of fuel purchased by the City was delivered to designated facilities at the correct price per gallon. The scope of this inspection included the City's fuel receiving procedures between January 2012 and October 2012, a period during which the City received fuel from three different vendors.

The inspection includes the following major findings:

- The City did not have a system in place to verify upon delivery how much fuel was received at its primary fueling locations.
- The City did not manually verify receipt of approximately 48,000 gallons of fuel delivered to facilities without electronic monitoring devices, as required by the City's fuel contracts.
- The City did not independently verify that it was paying the correct price per gallon for fuel.
- The City paid approximately \$36,000 in federal fuel excise taxes it did not owe.

Based on these findings, we recommended that:

- The City establish receiving procedures for facilities with electronic monitoring devices.
- The City install electronic monitoring devices at all fuel facilities.
- The City independently verify fuel prices before issuing payments to vendors.

A draft of this report was provided to the Chief Administrative Office for review and comment prior to publication. The City comments are attached.