

## Fuel Dispensing Follow-up Report

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### Purpose of This Report

On June 29, 2016, the OIG issued a report on the City's controls over fuel dispensing and made the following five recommendations to improve the functioning of these controls.

1. The City should reissue fuel cards for all vehicles and equipment and develop an effective mechanism to inventory and deactivate fuel cards.
2. The City should reissue PINs to all authorized fuel users and develop effective mechanisms to identify and deactivate PINs for all user departments and agencies.
3. 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.
4. The City should provide training to vehicle coordinators and take steps to ensure that they identify and investigate suspicious fuel transactions.
5. The City should repair broken fuel dispensing counters, ensure that all required information is recorded in NOFD daily fuel sheets, and enter data about fuel transactions into the automated fuel dispensing system.

The purpose of this follow-up was to determine whether the City implemented the corrective actions to which it agreed in June 2016 and if the deficiencies identified in the original report still existed. In 2022, the City spent more than \$3.6 million to purchase and dispense more than 1.2 million gallons of fuel to vehicles operated by City departments and related entities. Given this significant investment of public resources, the City needs effective controls that ensure taxpayer dollars are spent wisely and guard against wasteful and fraudulent use.

### What the OIG Found

Evaluators found that the City partially implemented each of the above recommendations. The City made several changes to CAO Policy Memorandum 5(R) (Policy 5(R)) to strengthen the functioning of controls on fuel dispensing, provided training and guidance for department vehicle coordinators (DVCs), and began to implement the amended policy. Many of these changes, however, were not carried out in practice or were not sustained over time. Specifically, evaluators found that:

1. The City reissued most, but not all, fuel cards and did not develop an effective mechanism to inventory and deactivate fuel cards.
2. The City did not reissue all PINs and did not identify and deactivate PINs for all user departments and agencies.
3. While the City amended its policy to require accurate odometer readings, fuel users continued to enter inaccurate readings. Additionally, the City did not establish reasonable transaction limits for all vehicles.
4. The City initially provided additional guidance and a training for DVCs, but training and guidance did not continue, and many DVCs did not investigate suspicious transactions.
5. The City repaired broken fuel use counters in a timely manner, and the New Orleans Fire Department completed their fuel use logs, but the information was not analyzed or entered into the automated fuel dispensing system.

### What the OIG Recommended

In the future, the City should:

1. Hold fuel card users, DVCs, and the Equipment Maintenance Division responsible for complying with the measures laid out in Policy 5(R),
2. Provide regular training for new DVCs, and
3. Follow through on its initial efforts to implement realistic gallons-per-transaction controls and to deactivate all obsolete fuel cards and PINs.