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OIG FOUND CONTINUED WEAKNESSES IN THE CITY'S FUEL DISPENSING CONTROLS

As detailed in the “Fuel Dispensing Follow-Up Report” released today, the New Orleans Office of Inspector General conducted a follow-up evaluation to its 2016 report titled “Fuel Dispensing.” 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.

Evaluators found that the City partially implemented each of the OIG’s 2016 recommendations by making several changes to its Vehicle and Equipment Policy to strengthen the functioning of controls on fuel dispensing. The revised policy included additional guidance on deactivating fuel cards and PINs, regularly reconciling PIN and fuel card lists, entering accurate odometer readings, and identifying suspicious transactions. The City also made progress in reducing the sharing of PINs and fuel cards, although these practices did continue to occur. In addition, the City provided a training session for department vehicle coordinators. Finally, the fire department improved their fuel log data entry for fueling facilities without electronic monitoring devices, and the City ensured the functioning of the fuel counters at these facilities.

Many of the recommended changes, however, were not carried out in practice or were not sustained over time. At the time of the follow-up evaluation, several weaknesses persisted:

- Some of the controls required by the revised Vehicle and Equipment Policy were not consistently implemented, including quarterly vehicle inventory reporting, biannual reconciliation of PIN and fuel card lists, and vehicle coordinator reviews of fuel use reports to identify suspicious transactions;
- While the City provided training for department vehicle coordinators after the initial report was released, training for new vehicle coordinators did not continue after that time, and some were uncertain of their job responsibilities;
- The City did not deactivate all of its obsolete PINs and fuel cards, increasing the risk of improper use of old cards and PINs;
- Some vehicles continued to have unreasonably high gallons-per-transaction limits; and

- Fuel use data from the fire department was neither analyzed nor entered into the automated fuel dispensing system.

In the future, the City should:

- Hold employees, vehicle coordinators and the Equipment Maintenance Division responsible for complying with the measures laid out in the Vehicle and Equipment Policy,
- Provide regular training for new vehicle coordinators, and
- Follow through on its initial efforts to implement realistic gallons-per-transaction controls and to deactivate all obsolete fuel cards and PINs.

Inspector General Ed Michel stated:

“Clearly communicated and consistently enforced controls on fuel dispensing can reduce the risk of fraud, waste, and abuse. The City should fully implement the previous recommendations to ensure efficiency in the distribution of fuel, which cost the City more than \$3.6 million in 2022.”

In addition to today’s report, the OIG released a brief with highlights. Go to www.nolaog.gov to view all OIG reports.