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OIG FINDS SIGNIFICANT GAPS REMAIN IN MANAGEMENT OF CITY'S VEHICLE FLEET

The New Orleans Office of Inspector General (OIG) today (Oct. 15) released a report finding that the City's Equipment Maintenance Division (EMD) Fleet Operations had addressed some of the issues identified in previous OIG reports, but should take further steps to preserve substantial resources and taxpayer dollars.

The report includes findings and recommendations from an in-depth OIG evaluation of EMD Fleet Operations, which is responsible for managing, acquiring, and maintaining City assets, namely City vehicles, valued at up to \$80 million.

The OIG evaluation was conducted to determine whether the EMD had the following: policies and procedures to account for all City assets, equipment and systems to analyze and track the performance of maintenance and repairs, and policies and procedures to dispose of retired City fleet assets. The period of review was January 1, 2024, to December 31, 2024; however, the report also discusses policies and procedures that were implemented through March 2026.

In previous years, the OIG found gaps in the EMD's management of the City's fleet. Two separate reports released in 2016 found that the EMD lacked efficient policies, procedures, and systems to maintain City assets, and that the EMD lacked management systems for fuel cards and fuel pin usage. In 2024, the OIG issued a follow-up report, which found that while EMD had partially improved fuel dispensing controls, significant gaps remained.

During the current evaluation, the OIG found that the EMD had addressed some of the findings of the OIG's previous reports. Specifically, the EMD developed a comprehensive Fleet Management Information System and formally established and implemented a vehicle allocation methodology.

However, weaknesses remained.

The evaluation found the following:

- The EMD spent \$1.4 million annually on software that provided real-time GPS tracking, monitors driver behavior, issues vehicle maintenance alerts, records mileage data, and reports overall performance metrics for the City fleet. However, the software was installed in only 62 percent of the City's vehicles, with nearly 40 percent of City vehicles lacking it due to privacy concerns. Evaluators noted that approximately 64 percent of the vehicles lacking the software were police

vehicles. The uninstalled software led to nearly \$500,000 in wasted software license fees and gaps in oversight of the vehicle fleet.

- EMD staff failed to consistently input electronic data on vehicle maintenance and repairs into the digital fleet management software. The U.S. Department of Transportation's *Fleet Manual* reported that a consistent maintenance management program maximizes vehicle availability, minimizes unscheduled maintenance, and decreases time spent repairing the fleet.
- The EMD utilized a micro-purchase process (a non-competitive purchasing process) when procuring services to dispose of the City assets. Although this process is permissible under City policies, it increased the risk of fraud.

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

- The EMD should work with the CAO and the New Orleans Police Department (NOPD) to address privacy concerns and amend CAO Policy Memorandum No. 5(R) by April 30, 2027. The amended policy should require that all City vehicles, with some exceptions, use City-designated monitoring tools.
- The EMD should provide targeted training to maintenance staff and also update all performance and accountability goals.
- The CAO, Purchasing, and Law Department should revise procurement policies to require RFPs or ITBs for all contracts where the estimated value to the vendor significantly exceeds the dollar threshold for professional or non-professional services. This increased transparency will ensure that the City receives the best value and minimizes opportunities for fraud, waste, and abuse.

The EMD has accepted two of the OIG's three recommendations. Further, the department indicated that work has already begun to address some of the findings in this report.

Inspector General Ed Michel stated:

"The City's vehicle fleet represents nearly \$80 million in essential public assets, including police units, emergency vehicles, and other vital equipment. Protecting these assets requires strong management systems and oversight, as well as diligent monitoring of maintenance and upkeep needs. The OIG acknowledges the progress the EMD has made, including implementing a Fleet Management Information System that strengthens oversight of fuel card usage and developing a vehicle allocation methodology aligned with best practices. However, significant gaps remain. The OIG encourages the CAO and Purchasing and Law departments to strengthen policies and pursue additional means of oversight to further reduce the risk of fraud, waste, and abuse."

To view the OIG's letter, visit NolaOIG.gov.

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