

Equipment Maintenance Division Fleet Operations

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Purpose of This Report

The New Orleans Office of Inspector General (OIG) conducted an evaluation of the City's Equipment Maintenance Division (EMD) Fleet Management Operations. The EMD was responsible for managing, obtaining, monitoring, fueling of the City assets valued at up to 80 million dollars.¹ The purpose of this evaluation was to determine whether the EMD maintained policies and procedures to account for all City assets, had equipment and systems to analyze and track performance of maintenance and repairs, and policies and procedures to dispose of retired City fleet. 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.

What the OIG Found

The OIG's 2016 EMD *Fleet Management* evaluation revealed several deficiencies, including a lack of efficient policies, procedures, and systems to maintain City assets.² A different report on *Fuel Dispensing*, also published in 2016, and the subsequent follow-up released in 2024, found that EMD lacked internal controls over fuel cards and fuel pin usage.³ During the current evaluation, the OIG found 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, there was still room for improvement. Evaluators found the department wasted almost \$500,000 in unused software licenses and had inconsistent electronic data entry. The report discusses the following findings:

1. The EMD spent \$1.4 million annually on monitoring software, but the software was installed in only 62 percent of the City's vehicles due to privacy concerns.
2. EMD staff failed to consistently input electronic data on vehicle maintenance and repairs into the digital fleet management software.
3. The EMD utilized a micro-purchase process when procuring services to dispose of the City assets that, while permissible under City policies, increased opportunities for fraud.

What the OIG Recommended

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

1. By April 30, 2027, the EMD should work with the CAO and the NOPD to address privacy concerns and amend CAO Policy Memorandum No. 5(R). The amended policy should require that all City vehicles, with some exceptions, use City-designated monitoring software.
2. The EMD should provide targeted training to maintenance staff and update all performance and accountability goals.
3. The CAO, Purchasing, and the 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.

The EMD accepted two of the OIG's three OIG recommendations. Further, the department indicated work that has already begun to address some of the findings of this report. The OIG encourages the CAO, Purchasing, and the Law Department to seek mechanisms and policies that will continue to reduce the risk of fraud, waste, and abuse.

¹ "Home," Equipment Maintenance Division, City of New Orleans, last modified February 27, 2024, <https://nola.gov/next/equipment-maintenance-division/home/>. Note: The \$80 million calculation is based on data submitted by EMD.

² New Orleans Office of Inspector General, *Fleet Management* (New Orleans: Office of Inspector General, 2016), <https://nolaoig.gov/wp-content/uploads/2023/03/OIG-Fleet-Management-Final-Report-160713.pdf>.

³ New Orleans Office of Inspector General, *Fuel Dispensing Report* (New Orleans: Office of Inspector General, 2016), <https://nolaoig.gov/wp-content/uploads/2023/03/20160629-Fuel-Dispensing-Final-Draft-A.pdf>; New Orleans Office of Inspector General, *Fuel Dispensing Follow Up Report* (New Orleans: Office of Inspector General, 2024), <https://nolaoig.gov/wp-content/uploads/2024/03/Fuel-Dispensing-follow-up-report-FINAL-for-public-release.pdf>.