

The Office of Inspector General (OIG) conducted a follow-up to its July 2013 report, “Inspection of City of New Orleans Fuel Receiving Controls.” The original report included the following 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 between January 2012 and October 2012.
- As a result of billing errors, the City overpaid approximately \$36,000 in federal excise taxes it did not owe.
- The City did not require vendors to submit documentation that verified how much fuel was loaded onto delivery vehicles.
- The City did not independently verify that it paid the correct price for fuel.

The original report included five recommendations to alleviate the above problems and improve the City’s ability to safeguard its investment in fuel.

The objective of this follow-up report was to determine the extent to which the City implemented OIG recommendations to improve the effectiveness of its fuel receiving controls. The scope of the follow-up included all fuel delivered to the City in 2015 and compensation received since 2013 for past overbilling. In addition, evaluators reviewed changes the City made to its fuel receiving processes since the original inspection of the City’s fuel receiving controls.

Evaluators who conducted the follow-up found that the City made significant improvements to its fuel receiving controls, including:

- The Fuel Services Administrator developed a process to monitor and verify fuel deliveries made to facilities with electronic monitoring devices before issuing payments to vendors.
- The Fuel Services Administrator instituted regular fuel inventory reconciliation for these sites consistent with best practices.

- The City improved its invoice review process to identify billing errors and independently verify pricing information.

The City should formally institutionalize these improved processes in a departmental policy or standard operating procedure to ensure their continued implementation.

However, one area of fuel receiving remained susceptible to waste and abuse: the City had not resolved its ineffective fuel receiving controls at non-automated sites. The City rejected the OIG's recommendation in 2013 to install electronic monitoring devices at all sites, and there was still no clear, consistent fuel receiving policy at these facilities. The follow-up revealed that employees still did not manually verify deliveries, which was crucial to ensuring that the correct number of gallons was delivered. Evaluators also found that fuel at these sites was not reconciled according to best practices.

The City could benefit from establishing a citywide policy for fuel receiving. Even if all city fuel sites are automated, the policy should require manual measurement and accurate recordkeeping as a contingency when automation is not available or defective.