

DeKalb



County

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Department of Finance

Internal Audit and Licensing

Date November 3, 2009

TO: Kelvin Walton, Director of Purchasing & Contracting

FROM: Deputy Director of Finance, Internal Audit & Licensing (DIAL)

SUBJECT: DeKalb County Surplus Auction – 9/12/09
RE: Certificate of Title Review

General Information

Pursuant to contract number 08-800501, DeKalb County mutually agreed with Adesa Atlanta, LLC to provide online and live auction services to the Purchasing and Contracting Department for the annual County auction. Per the agreement; services commenced on October 14, 2008 and was slated to end on October 13, 2009. The contract also stipulated that the County would pay Adesa a sum not to exceed 6% of the total sales for each auction. Based on the September 12, 2009 auction-final report of items sold, a total of \$451,705 was collected. However, after deductions for transportation costs and administrative fees of \$31,294 and payment to Adesa for services rendered of \$27,102, the County net receipts totaled \$393,309.

Purpose and Scope

The purpose of our review was to ensure that DeKalb County maintained on file the original physical valid titles to the vehicles scheduled for auction and that the titles were available to be relinquished to the auctioneer. We compared details from copies of the Georgia Certificate of Title to the vehicles listed on the Surplus Unit Report. Discussions were held with appropriate personnel from Treasury & Accounting along with the Purchasing Department. Finally, the auction was observed.

Opinion

In our opinion, DeKalb County possessed valid titles to the vehicles that were auctioned. However, we have some comments regarding titles and items denoted as dealer only.

Comment I

- The Certificate of Title, on hand in Treasury and Accounting for unit# 1384 (1996 Ford F- 350) had inconsistencies between the serial or vendor number on the physical certificate and the number noted on the Master Surplus Listing Document. A replacement certificate was requested and received by DeKalb County. This certificate

was given to Adesa which forwarded the title to the buyer.

Recommendation I

- Internal Audit suggest that Treasury & Accounting perform a more thorough and detailed review of the Certificate of Title before presentation at the auction.

Comment II

- Some items noted as “Dealer only” were presented for sale at the auction. The items were only being sold to the dealer because they were either unable to pass emission, or the emission had expired. The items were classified as salvaged and sold as such. Based on DeKalb County’s policy, the title for items sold as salvage should be turned over to the state of Georgia by a County representative and not made available at the time of the auction. However, some units were sold at the auction with the designate salvage, and a title was given to the purchaser. This measure is inconsistent with DeKalb County policy and Georgia State Law (40-3-36 of the OCGA). The title for salvaged items should be relinquished or sent to the state of Georgia and not made available at the time of auction.

Recommendation II

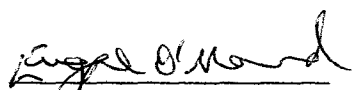
- We suggest that every effort is taken to ensure compliance with DeKalb County policy and Georgia’s law.

Comment III

- Titles were presented at the auction for items that were not on Adesa’s List to be auctioned. The units were either pulled and put back in the pool, pulled and were not going to be sold because they were confiscated vehicles, which rendered them ineligible for the auction or because they were sold to the City of Clarkston or to Allstate as salvage.

Recommendation III

- Internal Audit suggested and Treasury & Accounting Services have agreed that in future auctions, only the certificate of title for items that are on the auction list will be physically taken to the premises and made available to Adesa.


Eugene O'Mard

EO/CH

Dr. Michael J. Bell, Chief Financial Officer
Keith Barker, Chief Operating Officer/Executive Assistant
Rhonda Naadueba, Deputy Director of Finance, Treasury & Accounting Services