



Internal Audit & Licensing

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Interim Deputy Director of Finance

Chief Executive Officer

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DATE: December 5, 2012
TO: Kelvin Walton, Director of Purchasing & Contracting
FROM: Cornelia Louis, Interim Deputy Director of Finance - DIAL
SUBJECT: 2012 Surplus Auction Review

General Information

We conducted a review of the DeKalb County's Surplus Auction which was administered by Adesa-Atlanta LLC. Adesa provided online and live auction services simultaneously for the County. The auction was held on October 13, 2012 and generated gross sales in the amount of \$1,325,816 of which \$1,214,787.71 was remitted to DeKalb County after expenses were deducted. DeKalb County Government auctions surplus materials and equipment which includes, but is not limited to cars, computers, desks, chairs, file cabinets, lawn mowers, tools, and other surplus items. The surplus auction is organized by DeKalb County's Purchasing & Contracting Department.

Purpose and Scope

The purpose of our review is to determine if Adesa-Atlanta LLC complied with the terms of the service agreement to provide auctioneering services for DeKalb County.

Opinion

In our opinion, Adesa-Atlanta LLC is in compliance with the terms of the service agreement.

Comment – Contractual Agreement with Adesa-Atlanta LLC

During our review, Internal Audit determined DeKalb County had a service agreement with Adesa for services to be performed beginning on October 14, 2008 and ending on October 13, 2009. On October 13, 2009, the Board of Commissioners approved a month to month contractual agreement with Adesa-Atlanta LLC "until a RFP has been developed and submitted to the BOC for approval."

Adesa receives "6% of the total sales for each auction." In addition, Adesa deducts optional fees such as transporting to auction site; clean interior and exterior; remove decals from all vehicles; and any mechanical work needed, if applicable.

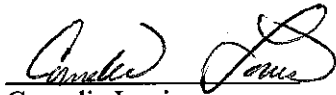
In the past, each year, the Adesa-Atlanta LLC has submitted the following to the County.

Year	Surplus Auction Gross Sales Amt	Net Sales Amt Remitted to DeKalb County	Amt Adesa Received from Surplus Auction	% of Gross Sales Adesa Received
2009	\$451,705	\$393,308.47	\$58,396.53	13%
2010	\$2,043,610	\$1,869,940.40	\$173,669.60	8%
2011	\$1,199,985	\$837,591.35	\$362,393.65	30%
2012	\$1,325,816	\$1,214,787.71	\$111,028.29	8%

The service agreement with Adesa approved by the BOC on October 13, 2008 was not solicited for an open bid. Requests for Professional Services that exceed \$50,000 require a RFP and the issuance of a Professional Service Contract. We recommend Purchasing & Contracting adhere to the departmental policy and procedures of advertising all goods or services for open bids that cost more than \$50,000. The benefit of an open bid process for goods and services promotes competition between suppliers, offers transparency, and gives all suppliers the opportunity to win the business that is advertised. We also recommend that Purchasing & Contracting Department bid the County's auction services for competitive bidding no fewer than once every two years.

We appreciate the cooperation and assistance we received from your staff during this review.

Sincerely,



Cornelia Louis

CL/AW

cc: Richard Stogner, Chief Operating Officer / Executive Assistant
Joel Gottlieb, Chief Financial Officer/Finance Director
Ted Rhinehart, Deputy Chief Operating Officer for Infrastructure
Greg Brake, Associate Director, Public Works Fleet Maintenance