



**Internal Audit Division
Finance Department
DeKalb County**

FLEET MANAGEMENT

2015 ANNUAL SURPLUS AUCTION

AUGUST 2016

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Internal Audit Division**

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Executive Officer**

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TRANSMITTAL MEMORANDUM

DATE: August 24, 2016
TO: Robert L Gordon, Deputy Director-Department of Public-
Works, Fleet-Management
FROM: Cornelia Louis, Deputy Director of Finance-Internal Audit
SUBJECT: 2015 Surplus Auction Review

Attached is the audit report of the 2015 Surplus Auction. The comments in the report were discussed with Robert Gordon, Vernetha Halls and Shondra Turner during the Exit Conference on August 24, 2016.

If you have any questions about the audit or this report, please feel free to contact me at 404-371-2639.

Sincerely,

Cornelia Louis

cc: Appendix C



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EXECUTIVE SUMMARY

Background

In 2014, Fleet Management, a division of DeKalb's Public Works Department, assumed full responsibility for managing the County's Surplus Auction (s). Surplus Property may consist of items that are not currently being used, obsolete, or inoperable. Such property includes vehicles, trucks, heavy equipment, tractors and on road and off road equipment; public safety surplus equipment; computer equipment and office furniture.

Adesa Atlanta, LLC (Adesa), executed a professional services contract with DeKalb County Government (County) in 2014 for auction services. The contract terminates without obligation on the part of the County each and every December 31; however, it automatically renews on each January 1st. Final termination occurs on December 31, 2018 with no further renewals unless extended by a change order (amendment).

The contract between the County and Adesa contained the following key provisions.

- Arrangement of vehicles in an organized manner.
- Appropriate Tagging of vehicles.
- Vehicle/ Equipment rates
 - Light duty/passenger vehicle \$75
 - Medium duty \$125
 - Heavy duty \$200
 - Heavy duty (tow) \$475
- Placement of advertisement in various mediums, such as:
 - The Atlanta Journal Constitution
 - The Champion newspaper
 - The Atlanta Daily World
 - DeKalb Neighbor .com
 - On Common Ground
 - Online at Adesa.com
- Secure Storage Area – 290 acre facility fenced with barbed wire, and cameras
- Financial documents – Sale and Expense Summary Report, Contract Report and a copy of the remitted check

The 2015 Auction consisted primarily of heavy-duty items, which were approved by DeKalb County Commissioners for inclusion in the 2015 Surplus Auction. It was held on October 24, 2015 and approximately 214 vehicles were sold. DeKalb County employees and residents received a discount upon presentation of valid identification.



The auction generated total gross sales of \$1,953,895; \$1,805,709.30 was remitted to the County after expenses were deducted. Gross sales increased by \$688,045 from the prior year.

Objective and Approach

The purpose of our review was to determine if Adesa-Atlanta LLC complied with the terms of the service agreement to provide auctioneering services for DeKalb County. Our methodology includes interviews and discussions with key staff at Adesa and DeKalb County, analysis & review of pertinent documents, and observation of the auction environment. Internal Audit conducted such audit tests and procedures as were deemed necessary. We believe that our audit provides a reasonable basis for our opinion.

Summary of Observations

Adesa-Atlanta LLC complied with the terms of the service agreement to provide auction services for DeKalb County. The process was efficient and provided favorable results.

Overall Recommendation and Next Steps

We recommend continued efficient auction operations and proven results; demonstrated through excellent customer service, technologically equipped facilities, major contacts in varied vehicle markets and viable working relationships with County staff and customers.



Approvals:

Original Signed by:



Cornelia Louis
Deputy Director of Finance
Internal Audit Division
Department of Finance
DeKalb County



OBSERVATION DETAILS

Comments:

1. Garbage Trucks:

Some garbage trucks were presented for sale in an unsanitary condition. Refuse and water settled in the vehicle. Detailing did not occur; vehicles were sold as received from the County. Cleaning or detailing surplus vehicles is not a contract requirement. There is a verbal understanding that vehicles would be detailed if necessary. It may be beneficial to document and include requirements and pricing for cleaning and detailing vehicles in the contract.

2. Sales Summary:

In the past, Adesa-Atlanta LLC submitted the following net sales amount to the County.

Year	Surplus Auction Gross Sales Amount	Net Sales amount Remitted to DeKalb County	Amount Adesa Received from Surplus Auction	% of Gross Sales Adesa Received
2009	451,705	393,308.47	58,396.53	12%
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%
2013	1,207,890	1,100,441.50	107,448.50	8%
2014	1,265,850	1,162,817.50	103,032.50	8%
2015	1,953,895	1,805,719.30	117,233.70	6%



APPENDIX B – DEFINITIONS AND ABBREVIATIONS

Acronyms and Abbreviation

Adesa - Adesa Atlanta, LLC – Adesa Atlanta’s auction provides registered dealers, brokers, automobile manufacturers, rental agencies, as well as corporate and government fleets with a complete vehicle marketing solution in Georgia.



APPENDIX C – DISTRIBUTION LIST

This report has been distributed to the following individuals:

DeKalb County Board of Commissioners

Lee May, Interim Chief Executive Officer

Zachary L. Williams, Chief Operating Officer/ Executive Assistant

Talisa Clark, Interim Chief Procurement Officer (ICPO)

Preston Stephens, Interim Assistant Finance Director

Vernetha Halls, Administrative Operations Manager