



**Police Department Municipal Vehicle
Storage Facility Audit Report
A2014-04**

Issued by the
Internal Audit Office
May 30, 2014

**City of El Paso
Internal Audit Office
EPPD Municipal Vehicle Storage Facility Contract Audit No. A2014-04**

EXECUTIVE SUMMARY

The Internal Audit Office has concluded its audit of the Police Department Municipal Vehicle Storage Facility Contract. Based on the results of the audit, five (5) findings have been identified. All five (5) of these findings are considered significant.

Listed below is a summary of the findings identified in this report:

1. The El Paso Police Department's Abandoned Auto Operating Manual is in draft form and was last revised on April 13, 2009. The manual has been updated, but is pending the approval of the Assistant Police Chief.
2. A random sample of 15 Rod Robertson's vehicle files were reviewed to determine if notification notices and vehicles are prepared for auction in accordance with Solicitation No. 2011-310R. The following was identified:
 - 4 out of 15 (27%) vehicle files revealed that mail notifications were not processed within the 5 day or 14 day requirement. Mail notifications were sent 1 to 240 days after the required days.
 - 3 out of 15 (20%) vehicle files reviewed contained missing notification documentation.
 - 7 out of 15 (47%) vehicles reviewed were eligible to be deemed abandoned per the 51 day requirement and not auctioned until 42 to 363 days afterwards. Vehicles are auctioned on a monthly basis and it took an average of 111.71 days to auction these vehicles.
3. A review of the storage capacity at the El Paso Police Department Municipal Vehicle Storage Facility identified that 93 impound vehicles were pulled from auction by the Police Department and held at the storage facility for longer than the 51 day requirement.
4. A review of City vehicles sold at the Dismantler Auctions and Public Auctions during the period of November 2013 through February 2014 identified the following:
 - The proper chronological order to deduct fees from the sale of a vehicle is not being followed as outlined in Solicitation No. 2011-310R. As a result, an underpayment of \$11,738.78 was identified for the November 2013 through February 2014 auctions.
 - Auction proceeds for the November 2013 through February 2014 Auctions were paid to the El Paso Police Department 35 to 56 calendar days (an average of 47.53 calendar days) after the auction date.
5. A review of the revenues collected at the El Paso Police Department Municipal Vehicle Storage Facility for the period of February 15, 2014 through February 28, 2014 identified the following:
 - 14 out of 14 (100%) deposits reviewed were not made within a 24 hour period. The 14 deposits totaled \$44,139.87 and were made 1-10 days late.
 - 3 out of 14 (21%) deposits reviewed were not posted accurately in PeopleSoft.
 - One deposit totaling \$5,352.95 was posted to a journal entry with an incorrect Fund Number.
 - One deposit totaling \$2,590.72 was posted to a journal entry with an incorrect Project Number.
 - One deposit totaling \$2,941.01 was posted to a journal entry with no Project Number.

For a detailed explanation of the findings please refer to the body of this Audit Report.

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BACKGROUND

The City of El Paso's Police Department (EPPD) has an existing contract with Rod Robertson Enterprises Inc. (RRE) for the operation and maintenance of the Police Department's Municipal Vehicle Storage Facility located at 11615 Railroad Drive. The contract consists of the City's Solicitation, Rod Robertson's Proposal, Best and Final Offer, and other related memos found in the Solicitation Bid File. The contract term is for three years with an option to extend for two additional years. The contract was awarded to RRE on November 29, 2011 and the performance period is from December 27, 2011 through December 26, 2014.

RRE provides operational and management services for vehicles from EPPD in connection with police investigations, vehicles involved in accidents, and/or abandoned vehicles. This support includes intake, storage, auctioning, maintenance and disposition of vehicles.

As part of this agreement, RRE earns 37% of the net revenue collected at the storage facility plus 12% of the gross sale of vehicles sold at auction for the operation, maintenance, and the sale of impound vehicles for the Police Department. The following tables illustrate a summary of Auction Proceeds and Management Fees paid during the period under review in this audit:

Summary of Auction Proceeds			
Auction	Auction Sale	Rod Robertson's Portion (Auction Fee (12%) & Mgmt. Fee (37%))	Police Department's Portion
November 2013	\$109,950.00	\$44,370.20	\$65,579.80
December 2013	\$118,111.00	\$43,594.87	\$74,516.13
January 2014	\$105,274.00	\$43,491.29	\$61,782.71
February 2014	\$171,156.00	\$63,994.60	\$107,161.40
Totals	\$504,491.00	\$195,450.96	\$309,040.05

Summary of Management Fees			
Month	Revenue Collected (Impound, Notification, & Storage Fees)	Rod Robertson's Portion (Mgmt. Fee (37%))	Police Department's Portion
November 2013	\$73,195.50	\$27,082.34	\$46,113.16
December 2013	\$62,289.00	\$23,046.93	\$39,242.07
January 2014	\$64,679.00	\$23,931.23	\$40,747.77
Totals	\$200,163.50	\$74,060.50	\$126,103.00

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AUDIT OBJECTIVES

The objective of this audit was to ascertain that the El Paso Police Department and contractor Rod Robertson Enterprises Inc. are adhering to the terms and conditions of Solicitation No. 2011-310R for the operation and maintenance of the Police Department's Municipal Vehicle Storage Facility. To determine this, our audit assessed the following categories:

- Billing and Collection Efforts
- Compliance with Contract Terms
- Compliance with Reporting Requirements
- Compliance with Security Measures

Also, per the request of the City Manager, the facility's vehicle storage capacity was reviewed. An assessment was conducted to determine if additional storage capacity is needed at the facility.

AUDIT SCOPE

The scope of this audit focused on Solicitation No. 2011-310R: Operation and Maintenance of the El Paso Police Department Municipal Vehicle Storage Facility, for the period of Fiscal Year 2013-2014.

AUDIT METHODOLOGY

In order to achieve the audit objectives we:

- Conducted interviews with El Paso Police Department and Rod Robertson Enterprises Inc., including management and staff;
- Reviewed Solicitation No. 2011-310R and the City of El Paso Cash Management Manual;
- Reviewed El Paso Police Department's policies and procedures for abandoned autos;
- Reviewed Auction Proceeds, Management Fees, and Towing Reimbursements;
- Reviewed impound process, notification process, and releasing process of impound vehicles;
- Reviewed storage capacity and security measures at the storage facility.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This audit was also conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

***SIGNIFICANT FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES***

The definition of a "Significant Finding" is one that has a material effect on the City of El Paso's financial statements, identifies an internal control breakdown, a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a "Regular Finding".

Finding 1

Operating Procedures Manual

A strong system of internal controls requires that policies and procedures are written to document routine or repetitive activity followed by an organization. The development and use of policies and procedures are an integral part of a successful quality system as it provides individuals with the information and guidance to perform a job properly.

The El Paso Police Department's Abandoned Auto Operating Manual is in draft form and was last revised on April 13, 2009. The manual has been updated, but is pending the approval of the Assistant Police Chief.

Recommendation

The El Paso Police Department should finalize the revisions to the Abandoned Auto Operation Manual. Once final, the manual should be distributed to the Abandoned Auto staff.

Management's Response

The El Paso Police Department (EPPD) recognizes the need for a policy manual. An early-2011 draft version of an Abandoned Auto Operational Manual is currently being revised to reflect the outsourcing arrangement currently in place. It is expected that additional revisions and review will be required before a final product is ready. A two-month timeline is in place to ensure sufficient time for departmental research and review as well as legal review. Once finalized, the manual will be distributed to all Abandoned Auto staff and shared with Rod Robertson Enterprises to ensure consistency in practice and clearly outline expectations. In addition, companion special orders will be drafted and distributed as needed to update the EPPD Procedures Manual (general manual applicable to all Department staff) to ensure consistent workflows and practices internally.

Responsible Party

Michelle Gardner, Assistant Chief
Isaura Valdez, Administrative Services Director
Martin Aguilar, Fleet Maintenance Chief

Implementation Date

September 30, 2014

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Finding 2

Impound Notification Process

Solicitation No. 2011-310R, Section 1.6 states that: *Rod Robertson Enterprises under the direction of the Police Department will notify vehicle owners, lien holders, etc. of the impounded vehicle. This notification will be processed within 5 days for in-state vehicle impoundments or 14 days for out of state vehicle impoundments. These notifications will be mailed out return receipt requested. The receipt and all backup copies of notifications will be kept in both electronic and hard copy files.*

Solicitation No. 2011-310R, Section 1.7.4 states that: *vehicles unclaimed after 51 days from the date of impoundment are deemed abandoned and RRE will prepare and process the vehicle for auction.*

A random sample of 15 Rod Robertson's vehicle files were reviewed to determine if notification notices and vehicles are prepared for auction in accordance with Solicitation No. 2011-310R. Our sample included vehicles that were sold at the Rod Robertson's Dismantler Auctions and Public Auctions for the months of December 2013, January 2014, and February 2014. Our sample contained 12 in-state vehicles and 3 out-of-state vehicles. The following was identified:

- 4 out of 15 (27%) vehicle files revealed that mail notifications were **not** processed within the 5 day or 14 day requirement. Mail notifications were sent 1 to 240 days after the required days.
 - Three mail notifications were sent 3, 27, and 240 days after the 14 day out-of-state requirement.
 - One mail notification was sent 84 days after the 5 day in-state requirement.
- 3 out of 15 (20%) vehicle files reviewed were out-of-state vehicles and contained missing notification documentation.
 - One vehicle file did not have evidence of the 1st newspaper notice notifying the public of vehicle's impoundment and no record was found of the certified mail notification on the Rod Robertson's database.
 - One vehicle file did not have evidence of the two newspaper notices notifying the public of the vehicle's impoundment.
 - One vehicle file did not have evidence of the 1st newspaper notice notifying the public of the vehicle's impoundment.
- 7 out of 15 (47%) vehicles reviewed were eligible to be deemed abandoned per the 51 day requirement and **not** auctioned until 42 to 363 days afterwards. Vehicles are auctioned on a monthly basis and it took an average of 111.71 days to auction these vehicles.
 - Five in-state vehicles were auctioned 47 to 109 days after the 51 day requirement.
 - Two out-of-state vehicles were auctioned 42 to 363 days after the 51 day requirement.

Recommendation

The El Paso Police Department should assist and ensure that contractor Rod Robertson Enterprises performs the following:

- Notifications are processed within the required timeframe,
- Notification documentation is kept in vehicle's file and recorded properly in the Rod Robertson's database,
- Unclaimed vehicles, after 51 days of impoundment, are processed as soon as possible for auction.

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Management's Response

Rod Robertson Enterprises (RRE) cites the cause of the vehicle backlog as unavailability of vehicle owner registration information that is necessary to make notifications. Although a conference call was held on April 26, 2013 with RRE, the El Paso Police Department (EPPD) and Ted Hernandez of the Texas Department of Motor Vehicles (TXDMV) to obtain guidance and information on how registration information can be obtained, RRE has not taken action to implement any option provided by Mr. Hernandez. At the conclusion of this teleconference Mr. Hernandez emphasized to RRE that the timelines and record-keeping requirements set forth in the Transportation Code, Occupations Code and Texas Department of Licensing and Regulation (TDLR) rules must be met before a vehicle may be auctioned.

As a result of information provided by the Internal Audit Office indicating deficiencies on the part of RRE were continuing, a June 3, 2014 meeting was held with Assistant Chief Michelle Gardner, Isaura Valdez, Martin Aguilar, and RRE administrators to address issues and identify solutions. The lack of notifications on file was of most concern as this is a violation of TDLR rules. The EPPD recommended that RRE utilize an electronic method of mailing notifications (e-certification). Additional issues discussed were the delayed daily deposits, untimely daily deposit reporting, late remittance of auction proceeds, staff turnover and insufficient staffing of operations.

The EPPD will ensure proper notification and publication rules are followed regarding vehicles eligible for sale, along with continuous monitoring that files contain all appropriate documents before the sale date. To verify proper notification processes, once per month, Abandoned Auto staff will sample 10% of in-state registered vehicles impounded and stored for time periods of 2-5 days, and will sample 10% of out-of-state registered vehicles impounded more than fourteen days. All files related to vehicles going to auction will be audited for completeness and accuracy. In addition, vehicle inventory status reports will be obtained from RRE to monitor the timeline status and the completion of necessary actions for each vehicle in storage. Such reports will be reconciled to the auctioned vehicle listing to ensure that vehicles are auctioned as soon as eligibility requirements are met. RRE will be expected to choose one of two options for ensuring proper and timely notifications are made: 1) obtain the necessary software/subscription to the TXDMV for registration information, or 2) complete all notifications through publication. The EPPD will not supply such information to RRE. In addition, RRE will be expected to adhere to timely notification requirements and maintenance of complete and accurate files and databases. Failures to do so will result be documented in vendor performance forms.

Responsible Party

Martin Aguilar - Fleet Maintenance Chief

Implementation Date

- July 1, 2014 (bullet points 1 and 2 of Finding Section)
- September 1, 2014 (bullet point 3 of Finding Section)

Chief Internal Auditor's Response

In the EPPD's response specifically regarding the sharing of vehicle registration information with RRE. By not agreeing to share the vehicle registration information with RRE, could result in a delay in disposing of vehicles. This could result in lost revenue and vehicle storage capacity at the Municipal Vehicle Storage Facility. Without access to the vehicle registration information, RRE will be forced to use the public notification option in disposing of vehicles.

As noted in Finding #3, a Legal Opinion was obtained from the City Attorney's Office allowing the EPPD to share vehicle registration information with contractor RRE. EPPD will cause an unnecessary delay in an efficient process of selling vehicle through City of El Paso's Public Auctions.

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Finding 3

Vehicles Pulled from Auction

Solicitation No. 2011-310R, Section 1.7.4 states that: *vehicles unclaimed after 51 days from the date of impoundment are deemed abandoned and Rod Robertson Enterprises will prepare and process the vehicle for auction.*

A review of the storage capacity at the El Paso Police Department Municipal Vehicle Storage Facility identified that 93 impound vehicles were pulled from the auction by the Police Department and held for extended periods of time at the storage facility. These vehicles are outlined below:

- As of January 19, 2014, 77 vehicles had been pulled from auction due to notification issues. The Police Department concluded that contractor Rod Robertson was not notifying the proper vehicle owner of their vehicle impoundment, even though the proper state requirements were being followed. The Police Department identified the vehicle owners of these vehicles and decided not to share this information with contractor Rod Robertson until a legal opinion was obtained on how notifications could be processed.
 - 44 vehicles were pulled from auction once and arrived at the facility between October 17, 2012 and November 6, 2013.
 - 33 vehicles have been pulled from auction more than once and arrived at the facility between January 7, 2012 and September 14, 2013.
 - On April 16, 2014, 51 out of the 77 vehicles have been sold and 29 vehicles remain at the storage facility.
 - On April 30, 2014, a legal opinion was provided by the City Attorney's Office regarding the notification process for these vehicles. The City Attorney's Office concluded that mail or publication notices are a proper method of notification and that vehicle registration information can be shared with contractor Rod Robertson Enterprises to provide proper notification.

- As of April 22, 2014, 16 vehicles had been pulled from auction for possible City use. These vehicles have been waiting to be processed for an extended period of time and are occupying storage capacity at the storage facility, Raynor Maintenance Shop, or the Lafayette Maintenance Shop.
 - 12 vehicles were pulled for City of El Paso use. These vehicles were pulled from the June 12, 2012; September 5, 2012; February 19, 2013; March 20, 2013; May 22, 2013; July 17, 2013; and August 14, 2013 Auctions and have been occupying storage space since then.
 - 4 vehicles were pulled for the Horizon City Police Department. These vehicles were pulled from the February 22, 2013, July 17, 2013, and August 15, 2013 Auctions and have been occupying storage space since then.

Recommendation

The El Paso Police Department should ensure notifications and "Vehicles pulled for possible use" are processed as soon as possible so vehicles can be auctioned.

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Management's Response

As of January 19, 2014, the Internal Audit Office identified 77 vehicles pulled from auction and still in storage due to notification issues. The El Paso Police Department (EPPD) learned of this on February 12, 2014 and took immediate action to reduce the backlog. The contributing factors to this backlog were lack of notification made, missing notifications, or improper notifications such as notifications containing incorrect VIN's or incorrect addresses. The EPPD addressed this with Rod Robertson Enterprises (RRE) and subsequently RRE provided the missing documentation or mailed corrected notifications. As of April 26, 2014, 26 of those vehicles remained. Currently the backlog is down to 18 vehicles and we continue to work with RRE to get those vehicles to the next scheduled auction that will be held July 23, 2014. Failure to get all 18 vehicles to this auction will be documented on vendor performance forms for corrective measures. Going forward, monitoring of inventory and auction rates will be addressed through policy and procedure. In addition, vehicle inventory status reports will be obtained from RRE to monitor the timeline status and the completion of necessary actions for each vehicle in storage. Such reports will be reconciled to the auctioned vehicle listing. Incidents of vehicles not auctioned in a timely manner will be documented on vendor performance forms.

As of May 1, 2014 the EPPD has moved aggressively to process possible additions to the fleet. The EPPD will incorporate processes for fleet additions into policy and procedure to ensure efficiency and timeliness. However, policy can only address what is within control of the EPPD and cannot address delays within the evaluation/work estimate processes conducted by the General Services Department (GSD). To date three vehicles are on pulled status for possible City use and are pending evaluation/work estimates by GSD. All other vehicles that were on hold for possible City or outside entity use have been auctioned.

Responsible Party

Martin Aguilar - Fleet Maintenance Chief

Implementation Date

September 1, 2014

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Finding 4

Auction Proceeds

Solicitation No. 2011-310R letter dated November 26, 2011 and titled "2011-310R Operation and Maintenance of City of El Paso Police Department Municipal Vehicle Storage Facility" documents the method to calculate auction proceeds and the four fees that should be deducted from the sale amount of a vehicle in a specific order.

Solicitation No. 2011-310R is silent regarding a payment timeframe for auction proceeds, but in accordance with the Texas Prompt Payment Act, a payment is considered overdue on the 31st day after the invoice date or date when goods or services are received.

A review of City vehicles sold at the Dismantler Auctions and Public Auctions during the period of November 2013 through February 2014 identified the following:

- The proper chronological order to deduct fees from the sale of a vehicle is **not** being followed. The order for deducting fees as utilized by the Police Department is not consistent with Solicitation No. 2011-310R. As a result, the Police Department was underpaid \$11,738.78 for the November 2013 through February 2014 auctions. See Attachment #1 at the end of this report for the underpayment calculation.
- Auction proceeds for the November 2013 through February 2014 Auctions were paid to the Police Department between 35 to 56 calendar days (an average of 47.53 days) after the auction date.
 - On May 5, 2014, the Police Department received the \$85,164.77 payment for the February 26, 2014 – Public Auction, 68 calendar days after the auction date.

Recommendation

The El Paso Police Department should:

- Become aware of all the components associated with the Auction Proceeds Formula as outlined in Solicitation No. 2011-310R and request payment of the underpayment of \$11,738.78 for auction proceeds from Rod Robertson Enterprises.
- Establish a timeframe for the payment of auction proceeds, if Solicitation No. 2011-310R is extended for two additional years.

Management's Response

An updated auction revenue worksheet was submitted to the Internal Audit Office for approval on April 17, 2014. The worksheet was updated to ensure Rod Robertson Enterprises' adherence to the auction proceeds negotiation letter dated November 26, 2014 that is part of Solicitation 2011-310R and to ensure that auction proceeds are properly remitted to the City. The Internal Audit Office approved the worksheet and the El Paso Police Department (EPPD) implemented its usage on April 21, 2014. A check for \$11,738.78 is forthcoming from Rod Robertson Enterprises (RRE) and is anticipated to arrive on July 9, 2014.

A request for a contract amendment to Solicitation 2011-310R was made to the Purchasing and Strategic Sourcing Department to establish set revenue submittal deadlines. On June 30, 2014 the response received instructed the EPPD to submit the desired amendment language for review and approval. Such documentation will be submitted by July 31, 2014.

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Management's Response (cont.)

During the June 3, 2014 meeting with RRE, the EPPD and RRE agreed upon a timeframe for submittal of auction proceeds to be within 30 days of an auction. As of July 8, 2014, auction proceeds submittals are current. The established timeframe will be included in the policy manual so that written documentation is available for Abandoned Auto staff for future monitoring. Any failure by RRE to submit proceeds within the established timeframe will be documented on vendor performance forms.

Responsible Party

Isaura Valdez, Administrative Services Director

Implementation Date

- Completed (proper auction proceeds calculations)
- July 9, 2014 (receipt of check for auction proceeds in arrears)
- July 31, 2014 (proposed Solicitation amendment language submittal)

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Finding 5

Daily Revenues Deposits

City Charter, Article VII Public Finance, Section 7.7 Depositories: “All monies received by any person, in connection with the business of the City, shall be deposited promptly in a City depository and, whenever possible, within one business day after its receipt...”

City of El Paso Cash Management Manual, Section 5.1: “In accordance with City Charter, all monies received by any person in any department, in connection with City business, must be deposited within 24 hours of receipt or in accordance with 5.2 below.”

City of El Paso Cash Management Manual, Section 5.2: “If monies on hand are less than \$50, department may choose to keep these funds until the amount reached is in excess of \$50, at which point department must make the deposit within the 24-hour period.”

A review of the revenues collected at the El Paso Police Department Municipal Vehicle Storage Facility during the period of February 15, 2014 through February 28, 2014 identified the following:

- Daily revenues exceeding \$50.00 are **not** deposited within a 24 hour period as outlined in the COEP City Charter and Cash Management Manual.
 - 14 out of 14 (100%) deposits reviewed were not made within a 24 hour period. The 14 deposits totaled \$44,139.87 and were made 1-10 days late.
- 3 out of 14 (21%) deposits reviewed were **not** posted accurately in PeopleSoft.
 - One deposit totaling \$5,352.95 was posted to a journal entry with an incorrect Fund Number. Journal entry included Fund #1000 instead of Fund #4340.
 - One deposit totaling \$2,590.72 was posted to a journal entry with an incorrect Project Number. Journal entry included Project #P5002500 instead of Project #P5002350.
 - One deposit totaling \$2,941.01 was posted to a journal entry with no Project Number.
 - After these journal entry errors were acknowledged, the Police Department Administration corrected the issues.

Recommendation

The El Paso Police Department should ensure that deposits are made on a timely basis in accordance with City policy and recorded properly in the COEP PeopleSoft System.

Management’s Response

A request for a contract amendment to Solicitation 2011-310R was made to the Purchasing and Strategic Sourcing Department to establish set daily deposit guidelines. On June 30, 2014 the response received instructed the El Paso Police Department to submit the desired amendment language for review and approval. Such documentation will be submitted by July 31, 2014.

The deposits that were not posted accurately in PeopleSoft were posted by a new employee. This was a training issue and the employee has since received proper instruction. Work will be monitored to ensure continued compliance with proper posting protocols.

Responsible Party

Isaura Valdez, Administrative Services Director

Implementation Date

- Completed (training issue on posting of deposits in PeopleSoft)
- July 31, 2014 (proposed Solicitation amendment language submittal)

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INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

We have concluded our work on the objectives of the El Paso Police Department Auto Municipal Vehicle Storage Facility Audit. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether the Police Department met the objectives of this audit. Based on our audit work, we have determined the following:

1. The Police Department and contractor Rod Robertson Enterprises Inc. are in compliance with the reporting requirements and security measures outlined in Solicitation No. 2011-310R.
2. The Police Department and contractor Rod Robertson Enterprises Inc. are **not** in compliance with Solicitation No. 2011-310R in the following areas:
 - The proper chronological order to deduct fees from the sale of a vehicle is not being followed as outlined in Solicitation No. 2011-310R. As a result, an underpayment of \$11,738.78 was identified for the November 2013 through February 2014 auctions.
 - Notification notices not processed within the 5 day in-state requirement or 14 day out-of-state requirement.
 - A review of the storage capacity at the El Paso Police Department Municipal Vehicle Storage Facility identified that 93 impound vehicles were pulled from auction by the Police Department and held at the storage facility for longer than the 51 day requirement.
 - Daily revenues exceeding \$50.00 are not deposited within a 24 hour period as outlined in the COEP City Charter and Cash Management Manual.

The Internal Audit Office has determined that additional storage capacity is not needed at the storage facility. The recommendations contained in this audit should help expedite the process of auctioning vehicles and reduce the storage time of vehicles at the storage facility.

Based on the results of this audit, we have determined that there is a lack of proper oversight from the Police Department in the monitoring of this contract. The complexity in understanding the Request for Proposal and not being familiar with the contract conditions contribute to the findings identified in this audit. By implementing the recommendations contained in this Audit Report should assist the Police Department and Rod Robertson Enterprises Inc. adhere to the terms and conditions of Solicitation No. 2011-310R.

We wish to thank the Police Department and Rod Robertson's management and staff for their assistance and numerous courtesies extended during the completion of this audit.

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Signature on File

Edmundo S. Calderón, CIA, CGAP, CRMA, MBA
Chief Internal Auditor

Signature on File

Miguel A. Ortega, CGAP
Internal Auditor

Signature on File

Liz De La O, CFE, CIA, CGAP, MPA
Lead Auditor

Distribution:

Financial and Audit Oversight Committee
Tommy Gonzalez, City Manager
David R. Almonte, Deputy City Manager
Gregory K. Allen, Police Chief
Michelle Gardner, Assistant Police Chief
Luis Barthel, Vice President of Operations, Rod Robertson Enterprises

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Attachment #1

	November 2013 Auction Proceeds			December 2013 Auction Proceeds			January 2014 Auction Proceeds			February 2014 Auction Proceeds		
	PD	RRE	Total Auction Sales	PD	RRE	Total Auction Sales	PD	RRE	Total Auction Sales	PD	RRE	Total Auction Sales
Dismantler Auction												
<i>RRE's Calculation</i>	\$13,777.20	\$11,072.80	\$24,850.00	\$14,386.15	\$10,724.85	\$25,111.00	\$18,779.75	\$15,094.25	\$33,874.00	\$25,606.53	\$18,849.47	\$44,456.00
<i>IAO's Recalculation</i>	\$14,817.74	\$10,032.26	\$24,850.00	\$15,598.45	\$9,512.55	\$25,111.00	\$20,212.73	\$13,661.27	\$33,874.00	\$27,398.64	\$17,057.36	\$44,456.00
Difference Between Dismantler Calculation	(\$1,040.54)	\$1,040.54		(\$1,212.30)	\$1,212.30		(\$1,432.98)	\$1,432.98		(\$1,792.11)	\$1,792.11	
Public Auction												
<i>RRE's Calculation</i>	\$54,145.99	\$30,954.01	\$85,100.00	\$61,776.82	\$31,223.18	\$93,000.00	\$44,205.83	\$27,194.17	\$71,400.00	\$85,164.77	\$41,535.24	\$126,700.01
<i>IAO's Recalculation</i>	\$55,942.35	\$29,157.65	\$85,100.00	\$63,012.62	\$29,987.38	\$93,000.00	\$45,678.71	\$25,721.29	\$71,400.00	\$86,920.58	\$39,779.42	\$126,700.00
Difference Between Public Auction Calculation	(\$1,796.36)	\$1,796.36		(\$1,235.80)	\$1,235.80		(\$1,472.88)	\$1,472.88		(\$1,755.81)	\$1,755.82	
Total Underpayment to PD for Monthly Auctions	(\$2,836.90)			(\$2,448.10)			(\$2,905.86)			(\$3,547.92)		
Grand Total (Underpayment owed to PD for November - February Auctions)			(\$11,738.78)									

Legend:

- PD - El Paso Police Department
- RRE - Rod Robertson Enterprises
- IAO - Internal Audit Office



ROBERTSON AUTO AUCTIONS
A Division of Rod Robertson Enterprises, Inc

Rod Robertson Enterprises Responses to EPPD Municipal Vehicle Storage Facility Audit Report

Received by the
Internal Audit Office on
July 8, 2014



Rod Robertson Enterprises

July 8, 2014

RE: Police Department MVSF Audit A2014-04

Mr. Edmundo Calderon, CIA, CGPA, CRMA
Chief Internal Auditor
City of El Paso, Texas.

Dear Mr. Calderon,

We appreciate your team's work and objectivity throughout the audit process. We enjoyed interacting with you and your staff in the process and we learned a few things. Our goal is always to provide exceptional service and to meet the needs of our clients. In our endeavor to reach our business goals, we remain receptive to feedback that can help us improve our service levels and efficiencies. Your audit results are appreciated as these are instrumental to our progress and continuous improvement efforts.

With this letter, we are providing you with our responses to each of the five (5) Audit Findings for your review and consideration as follows:

Finding 1: Operating Procedures Manual.

Management's Response: RRE welcomes the opportunity to collaborate with EPPD in finalizing the Abandoned Auto Operations Manual being that a significant aspect of the operations and administration of the MVSF is now also subject to State regulations as these apply to private enterprise entities such as RRE and not necessarily to a public, law enforcement agency such as EPPD.

Responsible Party: Luis A. Barthel, VP of Operations

Implementation Date: To be Determined.

Finding 2: Impound Notification Process.

Management's Response: RRE has taken note of the deficiencies and is taking steps to improve in this area including the performance of periodic internal audits. RRE maintains a good working relationship with EPPD and will work closely to expedite these processes.

Responsible Party: Marisela Casillas, Facility Manager

Implementation Date: Effective Immediately

Finding 3: Vehicles Pulled From Auction.

Management's Response: RRE follows State requirements for notifications promulgated by Texas Department of Licensing and Regulations, Administrative Rules 85.703 to 85.705. In addition, RRE is working closely with EPPD to expedite vehicle notifications that meet specific EPPD needs.

Responsible Party: Marisela Casillas, Facility Manager

Implementation Date: Existing and On-going

Finding 4: Auction Proceeds.

Management's Response: RRE has taken steps to provide EPPD with proceeds checks no later than 30 days after auction sale date. RRE has collaborated with EPPD in developing and charting out the method of reporting proceeds to meet solicitation guidelines and EPPD needs. RRE continues to work closely with EPPD and will submit payments to EPPD as agreed.

Responsible Party: Luis A. Barthel, VP of Operations

Implementation Date: June 1, 2014

Finding 5: Daily Revenue Deposits.

Management's Response: RRE has corrected this situation and daily deposits and reports are being done within one business day.

Responsible Party: Marisela Casillas, Facility Manager

Implementation Date: July 1, 2014

RRE remains committed to the City of El Paso and El Paso Police Department. We welcome the opportunity given to improve our level of service to the City. We pledge to continue our pursuit of excellence in our service, in our administration, and in our aspirations to maximize sales proceeds for the City of El Paso.

Sincerely,



Luis A. Barthel
VP of Operations.