

**City of Minneapolis
Audit Committee**

**Impound Lot Review
Report # 2011-09**

**Internal Audit Department
November 16, 2011**



Background

- In 2010 the Impound Lot expended \$5.2M and recognized \$6.4M in revenue.
- In 2010 there were approximately 35,000 vehicles towed to the Impound Lot.
- Vehicles not claimed within 15 days after a notice is sent by certified mail to the registered owner may be sold at public auction (Minnesota Statute 168B.051).
- In 2010 there were approximately 700 impounded vehicles sold at public auctions and approximately 3,000 impounded vehicles sold at junk auctions.



Scope and Objective

Objectives

To ensure that:

- Revenue is accurately & completely collected, and deposited
- Contracts are managed effectively
- Policies and procedures are current and adequate
- Physical security is effective

Scope

- Gaining an understanding of internal controls, including current policies and procedures, through observation, inquiry, and limited testing surrounding the processes listed above.
- Testing of processes and transactions, on a sample basis, within the period January 1, 2010 through August 31, 2011.
- Obtained a status update on previous internal audit reports' recommendations.



Recommendations

1. Security Incident Report*
2. Security Measures
3. Tracking and Monitoring Customer Complaints
4. Online Payment Capability
5. Contract expiration and timely renewals*
6. Written Procedures – Contract Monitoring
7. Tow Sheets*
8. Recording to City's Accounting Books

* Management action plan was completed before report issuance.



Conclusion

Based on our review, we believe there are opportunities for improvements that address risk areas identified in this report.

