



## Request for City Council Committee Action From the Department of Public Works

**Date:** March 25, 2008  
**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee  
**Subject:** **Review of City Impound Lot – Internal Audit (Phases 1 and 2)**

**Recommendation:**  
Receive and file.

**Previous Directives:**  
None

**Prepared by:** Don Pedlar, Mike Sachi, and Jon Wertjes

**Approved by:**  

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Steven A. Kotke, P.E., City Engineer, Director of Public Works

**Presenters:** Mike Sachi, Department of Public Works, Traffic and Parking Services

### Reviews

Permanent Review Committee (PRC):	Approval	NA	Date
Civil Rights Affirmative Action Plan	Approval	NA	Date
Policy Review Group (PRG):	Approval	NA	Date

### Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Business Plan:  Action is within the plan.  Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

### Community Impact

- Neighborhood Notification: Not Applicable
- City Goals: A SAFE PLACE TO CALL HOME: the city's infrastructure will be well-maintained, people will feel safe in the city.
- Comprehensive Plan: Not Applicable
- Zoning Code: Not Applicable

## **Background/Supporting Information**

As part of ongoing citywide claims reduction efforts, the City's Audit Management Committee recommended a City of Minneapolis internal audit be conducted of the Impound Lot by Robert Bjorklund, Director of Internal Audit. This letter summarizes the purpose, objective, scope, methodology, and the conclusions and recommendations.

Purpose: To review, analyze, and assess the procedures and related internal controls for the City of Minneapolis Impound Lot facility.

Objective: To determine if current procedures and internal controls are in place, working as intended and effective for the City's Impound Lot.

Scope: Phase 1: Current procedures and processes using added information such as claims, etc. from the 2005, 2006 and through June 2007 time frame. Phase 2: Current procedures and processes using selected 2007 auction and inventory records.

Methodology: The audit was divided into two phases made up of six main functional areas:

- Phase 1: Administration, Security, Towing
- Phase 2: Inventory, Auctions and Cash Receipting.

The Phase 1 report was completed in September 2007 and the Phase 2 report was completed in January 2008.

Conclusions and Recommendations: The audit conclusions and recommendations from these two reports are presented below:

### Phase 1 Administration, Security, Towing

- The Impound Lot should continue to proceed with implementation of the draft procedures in the areas of public auctions, vehicle preparation, and removal of contents from vehicles and make every effort to have these procedures in place and functioning by the end of third quarter 2007.
- Internal Audit recommends all background checks for towing companies be conducted by the Minneapolis Police Department backgrounds unit.
- The Impound Lot should require all tow companies to submit an annual listing of background checks on all employees, and owners, as per contract, to the appropriate Public Works/Impound Lot official(s).
- Public Works Administration should continue to work with the City Attorneys Office in the review of towing contracts and background checks to resolve inconsistencies between contract background requirements and MPD requisites.
- An overall action plan for security at the Impound Lot needs to be developed.
- More effective communication between the Impound Lot supervisor and Impound Lot employees, guards is needed. Internal Audit recommends weekly meetings be established and documented to discuss current Impound Lot issues.
- Procedures should be established whereby the MPD K-9 squad can be used to patrol the Impound Lot.

### Phase 2 Inventory, Auctions and Cash Receipting

- Public Works Administration and Impound Lot personnel consider changing the current practice of selling "no-pay" public vehicles on dealer auctions.

Public Works has reviewed and discussed these findings with Internal Audit and begun the appropriate follow-up regarding each of these conclusions and recommendations.