



**OFFICE OF THE CITY AUDITOR**  
Long Beach, California

LAURA L. DOUD, CPA  
City Auditor

FOR IMMEDIATE RELEASE  
March 12, 2015

Contact: Olivia Maiser  
562.570.6434

**Audit of Vehicle Lien Sales Shows Room for Improvement**

***City Auditor Laura Doud Cites Deficiencies with Revenue Handling and Information Technology***

Long Beach, CA – Long Beach City Auditor Laura Doud today released an audit of the City's Vehicle Lien Sales operations. The audit found a lack of controls and separation of duties regarding revenue processing that could pose potential risks to the City. Additionally, the audit found weaknesses in the information technology systems used by the Lien Sales operations, which is a significant problem throughout many City departments.

The City's Lien Sales operations is part of the Towing and Lien Sales Division, which is a unit within the Fleet Services Bureau that was moved under the City's Financial Management Department in 2014 in an effort to provide better financial oversight. The audit found that Lien Sales operations exhibited similar internal control weaknesses found in a 2009 audit of the City's Towing Operations. That audit noted internal control weaknesses with revenue handling, deficient information systems controls, and a lack of separation of duties which increased the risk of fraud.

"Management stated that they are in general agreement with the recommendations and that they intend to implement the changes. We encourage the Division to take corrective action to strengthen the systems and to reduce the risk of fraud," said City Auditor Laura Doud. "I would like to express our appreciation to City staff at the Towing and Liens Sales Division and in Financial Management for their cooperation and assistance with this audit."

In addition to the audit findings related to revenue handling and information technology systems, the audit had four additional findings for a total of six. The six findings are: 1) Deficiencies in revenue handling; 2) Information systems weaknesses; 3) The lack of real-time inventory management technology exposes the City to errors and loss; 4) Lack of sufficient revenue generation from removal and auction of personal property in vehicles to justify costs and risks; 5) Revenue from lien sales has declined significantly in recent years, and the City should re-assess its existing operational and marketing practices; 6) The City does not have a contract with the scrap metal recycler, which must be rectified.

The complete report, Audit of Vehicle Lien Sales, with a detailed explanation of the City Auditor's recommendations and management comments can be viewed on the City Auditor's website, [www.CityAuditorLauraDoud.com](http://www.CityAuditorLauraDoud.com).

###