

DISCLAIMER: This document is not intended to define a legally approved audit program. Please consult your own attorney and/or government agencies to form your own compliance program. This document should only be used as reference tool, and it should not be interpreted as a mandate from any trade association, its members, or industry associates.

Standardized Auction Audit Checklist

| Risk Category | Control Point | Objective | Test | Last Completed |
|--|---|---|---|----------------|
| Physical & Data Security | Disaster Recovery Plans | Review disaster recovery plan | Review written contingency plan to handle inventory in the event of a catastrophic occurrence? Review how often the contingency plan is reviewed. Review how often the contingency plan is tested. Is there a separate location where inventory can be and/or is stored? | |
| | Computer Data Security | Ensure certifications of data security | Review security relative to information systems (SSAE-16, SOC, PCMI, etc.) | |
| | ID and Bidder Badge Control/Access | Ensure appropriate controls are in place to restrict access to the building and key areas of the auction | On site inspection to examine restrictions on entry and permissible access areas with ID or bidder badge. Review how many visitors enter the building. Review areas accessible with an ID or bidder badge. Review the process for visitors/guests. Review policy, visitor logs, ID or bidder badge issuance and areas accessible with proper badges. | |
| | Computer Room Inspection | Ensure proper safeguards in place for IT systems | Review IT Room and IT Room Checklist | |
| | Access to Accounting and Inventory | Ensure access to accounting is limited to necessary personnel | On site inspection to examine access to the accounting area. Review of written policies (safeguarding). Review procedures for security over inventory during non-business hours. Review types of security? Security personnel, cameras, locked fences, alarm systems, 24/7 surveillance etc. Review where keys and fobs stored (standard industry practice is to store in vehicles) Review security over titles. Who has access to these records? Are titles stored in fireproof cabinets or a fireproof room? Review necessity of security cameras and how many are being used. If applicable, review where the security cameras located. If applicable, review who has ability to view live camera feeds. Review if cameras can be viewed remotely and who has access for remote viewing. Review how long tapes of security cameras are stored. | |
| | Software/Hardware utilization | Understand all software and hardware used by vendor to service the customers | Review list of software and hardware providers. | |
| | Data Back up / Redundancy | Understand how customer data is backed up | Determine how, when and where inventory data is backed up and maintained. | |
| | Data processing | Understand data providers | Review list of data providers. | |
| | Upgrades of Software | Review process for software upgrades | Review IT Policy for system upgrades and interview IT management staff. | |
| | Vulnerability Testing | Ensure system firewalls are adequate | Review reports of vulnerability testing from third party experts. Review breach of security procedures. | |
| Customer Nonpublic Information Policy - Systems | Ensure confidential handling of NPI | Review system permissions. Onsite review of documents/work area Review storage procedures for signed redemption/reinstatement and fax/email confirmation sheets. Ensure that personal information is cleared from vehicle navigation and other driver convenience systems. Ensure procedures exist for removal of insurance company required "in-car" tracking devices prior to sale. | | |
| Financial Controls | Financial Statement Review | Ensure vendor is financially stable and is a going concern | Review most recent audited financial statements, if publicly available information. If not, request statement of going concern. | |
| | ACH Funds | Ensure proper handling of funds | Review post sale report of gross sale price, service fees and net sales price by VIN for vehicles sold for auditing commercial customer. | |
| | Credit Balances | Ensure proper handling of credit balances | Review policies and procedures for identifying and returning any overpayments for vehicles sold for auditing commercial customer. | |
| | Redemption/Reinstatement Payments and Fees | Understand vendor payment streams, fees and funds flow for customer redemption/reinstatement payments | Review procedures for customer redemption/reinstatement payments collected by vendor. Review all payment streams, fees and funds flow. Review receipt records. | |
| | Vendor Remittance | Ensure fees are calculated properly | Review remittance from vendor to ensure fees are properly calculated. | |
| Licensing & Insurance | Licensing | Ensure proper licensing is in place and current. | Review local licensing requirements (by state, city, county or appropriate local jurisdiction) Review that the appropriate license is current and in place (wholesale auction, wholesale dealer, etc. as examples) Is auction a current member of NAAA? | |
| | | | Review insurance coverage relative to contracted requirement. | |

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|----------------------------|----------------------------------|---|--|----------------|
| | Insurance | Ensure proper insurance is in place | | |
| Compliance | Contract compliance | Ensure proper compliance with contract | Review current contract to ensure compliance | |
| | State and Federal Law Compliance | Ensure compliance with state and federal laws | Review complaint and suit log (from dealers, customers, employees, etc.) Review QA/QC procedures (including lane video monitoring, account auditing, scoring, calibrations, etc.) Determine who is responsible for QA/QC. Determine if video recording of sale lanes is in place. If so, how long are tapes maintained? | |
| Business Management Review | Policies | Ensure standard business policies exist including compliance and ethics | Review existence of current written policies. Review existence of current employee handbook. | |
| | Personnel Hiring | Ensure proper background checks are completed on all employees | Review vendor statistics--total staff, site capacity & growth potential Review hiring log. Review policies related to background checks. | |
| | New Hire Training | Ensure new employees receive appropriate training for their position | Review training procedures/policy and/or training logs. Review process for ongoing training. | |
| | Job Descriptions | Ensure job descriptions exist and are communicated to staff | Review staffing model and statistics. Review scheduling process and experience of staff. Review job descriptions of employees directly associated with managing inventory. | |
| | Quality Assurance | Ensure auction has adequate procedures in place for monitoring performance and detecting violations | Comparison of inventory records and block summary reports to sales for vehicles sold for auditing commercial customer. Review of the sales and expenses summary for vehicles sold for auditing commercial customer. Comparison of average sale prices to actual sale prices for vehicles sold for auditing commercial customer. Review of purchasing dealer reports for vehicles sold for auditing commercial customer. Review of post-sale inventory records for vehicles sold for auditing commercial customer. Review of bid badge counts and online attendance. Availability of auction sales lineup for bidder review and participation in the auction. Ensure block tickets/bills of sale/appropriate documents are accurate and retention procedures are in place for vehicles sold for auditing commercial customer. Review physical/electronic location and retention of appropriate documentation (work or repair orders, labor time, ODO statements, mileage records, sublet billings, parts invoices, etc.) Ensure proper documentation is retained for scrappage and/or sold parts? Ensure dealer files are appropriately maintained in a centralized database/physical file (at auction or through Auction Access database). Determine if journals or ledgers are maintained with support for repairs. Determine if arbitration logs and reports are maintained for all vehicles having been arbitrated. | |
| | Sales | Auction services | Ensure AutoIMS or the appropriate system utilized by the customer is accurate and current for all inventory. | |
| | Internal and External Audits | Ensure internal and external audits being performed | Internal account audit results Audit Invoice report | |
| | Vehicle inspection | Ensure proper vehicle inspection is made and reported | | |
| | Service | Ensure adequate service is being provided by the auction for the sale of vehicles | Observe the Auctioneer. Ensure that sale-day run numbers are accurate within a reasonable timeframe prior to sale or in accordance with contract/mutually agreed upon auction procedures for vehicles sold for auditing commercial customer. Ensure sale proceeds are posted within a reasonable timeframe or the contractual time frame/mutually agreed upon auction procedures for vehicles sold for auditing commercial customer. Review arbitration logs and reports to determine frequency of arbitrations for vehicles sold for auditing commercial customer. Ensure the appropriate parties are notified of arbitrations within a reasonable time frame or per the contract/mutually agreed upon auction procedures for vehicles sold for auditing commercial customer. Ensure that appropriate repair estimates are submitted prior to voiding the sale of an arbitrated unit for vehicles sold for auditing commercial customer. Ensure that arbitrations are appropriately handled within the contractual guidelines/mutually agreed upon auction procedures for vehicles sold for auditing commercial customer. | |
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