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| **EEZY TRACKING TO AUCTION AUDIT REVIEW FEBRUARY 2023 REPORT** |
| |  |  |  | | --- | --- | --- | | OpinionPencil.png | CalnedarStart.png | CalendarEnd.png | | **Conclusion/Rating** | **Assignment Fieldwork Start Date** | **Assignment Target Completion** | | Satisfactory-60% | February 6, 2023 | February 17, 2023 | |
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Purpose, Background and Scope

| Purpose |
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The audit objectives included:

1. To ascertain adherence to company governance, strategy and policies. compliance to regulatory laws and ensure smooth flow of operations.
2. To review the valuation process assessment of company valuers, pricing and timely valuation reports.
3. To review tracking process including tracking coverage of clients and tracking reports for trackers.
4. To assess repossession and Yard management processes including facilitation to repossess vehicles, storage, repairs and maintenance of units in the yard.
5. To review auction process including adherence to various acts, bidding structure and process.

| Background |
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Internal Audit planned a review of Tracking to Auction Operations for Eezy Track Limited from 6th February 2023 to 17th February 2023 directed at establishing the controls associated with the operations.

Eezy Track Limited (ETL) is a limited company incorporated under the Kenyan Companies Act on 1st August 2019. Key departments in Eezy Track Limited include:

1. Operations- with various separate department where valuation, tracking, repossession, auction, and yard are headed by various managers.
2. Finance- The department is headed by a Finance Manager.
3. Human Resource- The department is headed by Human Resource Manager who reports directly to the Finance Manager.
4. Technical- The department is headed by the Head of Technical.

The company operations are guided by standard operating procedures for the Valuation, Tracking, Auction, Repossession and Yard management processes. Standard Operating procedures in use are;

1. Eezy Cars Auction Process Flow
2. Auction Process Improvements (November 2022)
3. Eezy Storage Maintenance process flow
4. Eezy Storage Process Flow
5. Installation and de-installation Process Flow
6. Repossession Process Structure (SOP's)
7. Valuation process flow

| Scope |
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Eezy track assessment of tracking to auction operations as at 31 January 2023. The audit aims to review operations for the period January 2022 - January 2023. Sampling approach will be used to review 5 objectives that include:

1. Governance, strategy and policies
2. Valuation process
3. Tracking process
4. Repossession and Yard management processes
5. Auction process

Results

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| **Overall Assurance** | **Conclusion/Rating** |
| 60% | Satisfactory 60%-75% |

**Finding by Owner**

**Finding by Severity**

| Conclusion/Rating Description |
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The overall conclusion was drawn based on the irregularities observed in areas where controls and procedures were not adequately implemented. Management is advised to ensure that the risks identified are adequately mitigated and recommendations implemented as per agreed deadlines.

Results Summary

| Process | Process Owner | Assurance | Passed | Failed | Not tested | Finding |
| --- | --- | --- | --- | --- | --- | --- |
| Governance, Strategy & Policies | Head of Operations | 56% | 8 | 2 | 0 | 2 |
| Valuation | Head of Operations | 46% | 4 | 2 | 0 | 1 |
| Tracking | Head of Operations | 63% | 28 | 8 | 0 | 4 |
| Repossession and Yard management | Head of Operations | 33% | 9 | 5 | 0 | 2 |
| Auctioning Process | Head of Auctioning Department | 50% | 6 | 2 | 0 | 2 |
| TOTAL |  |  | 55 | 19 | 0 | 11 |

Finding Summary

| Finding ID | Title/Headline | Owner | Severity | Remediation Deadline |
| --- | --- | --- | --- | --- |
| 01 | Non-existence of Service Agreements with clients and suppliers (Repeat) | General Manager | High |  |
| 02 | System administrator services reserved by the vendor | IT Manager | High |  |
| 03 | Significant decrease in motor vehicle value from loan application to asset disposal stage | Valuation Manager | Medium |  |
| 04 | Creation of users with generic usernames in systems | IT Manager | Medium |  |
| 05 | Inconsistent number of bids | Auction Manager | Medium |  |
| 06 | Biasness in generating motor vehicle values | Valuation Manager | Medium |  |
| 07 | Lapse in Yard management | Yard Manager | Medium |  |
| 08 | Failure to update access link to  the terms and conditions on the service level agreement | Finance Manager | Low |  |
| 09 | Underutilization of Dealersonline system in management of motor vehicles movement | Yard Manager | Low |  |
| 10 | Documentation gaps in vehicle condition checklist | Tracking Manager | Low |  |
| 11 | Activation of wrong tracking units | Tracking Manager | Low |  |

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| 01 Non-existence of Service Agreements with clients and suppliers (Repeat) |

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| **Process:** Governance, Strategy & Policies | **Process Owner:** Head of Operations1 |
| **Owner:** General Manager | **Executive Owner:** Managing Director1 |
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| --- | --- | --- | --- |
| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | High | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 9, 2023 |  | |  |
| Description | | | |
| Eezy Track Limited offers vehicle tracking, valuation, repossession and auction services to clients.  Service level agreements binds two or more parties in business because they are designed to set clear expectations, outlining rights and obligations of parties involved. We requested for Service level agreements and reviewed on tracking, valuation, repossessions, auctions, systems and yard services for Eezy track with its clients and suppliers and noted that as at 28th February 2023:   1. The company did not have two service level agreements (repossession and auction) with Platinum Credit which should outline undertakings of each party, fees, data protection, terms and conditions, compensation, and service expectations of each party. We noted that the two service level agreements have been pending approval as the two companies did not agree on the terms and conditions documented in the documents. 2. There were no contracts with system suppliers - Fleetpage (WhiteLabel Company). As of 13th February, 2023, there were 21,220 vehicles being tracked. Critical aspects which include system uptime, downtime, data backup, backup testing and data restoration, conflict resolution, exit plans and compensation cannot be claimed by the company as there is no document that guides on how these processes are handled. We inquired from management information systems team and noted that the rollout of a new tracking system was halted as priority was given to a new system (CRM) which will host the tracking system as part of its component. | | | |
| Risk/Impact | | | |
| Operational risk-unclear commitments and benchmark on performance between a service provider Eezy track and the client (Platinum Credit) | | | |
| Recommendation | | Remediation Plan | |
| -Management should ensure that Service level agreements for repossessions and auction with Platinum Credit Limited are drafted and approved.  -Management should ensure that there is a service agreement with Dynamics 365 systems Operators.  -Management should work with service provider (WhiteLabel) to draft a service level agreement which guides and stipulates responsibilities of both parties | | 1. The repossession agreement (Antique Auctions) have been delivered to platinum Credit for signature and have been pending for several Months.  2. White label do not give SLAs, we only agreed to their terms and conditions available on their website. | |

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| 02 System administrator services reserved by the vendor |

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| **Process:** Tracking | **Process Owner:** Head of Operations1 |
| **Owner:** IT Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | High | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 27, 2023 |  | |  |
| Description | | | |
| Role-based access control (RBAC) is a mechanism for restricting access to computer systems.  As a best practice only authorized users should have access to systems owned by the company. DealersOnline is solution used by the company to manage the valuation and also provide a bidding platform of motor vehicles on auction on behalf of its clients.  We noted that creation of roles and assigning of rights to roles created on DealersOnline system (https://www.eezycars.co.ke/) is performed by the vendor. Tasks assigned to Eezy Track include creation of users, assigning roles, activating and deactivating users.  Eezy Track faces the following risks:   * Unauthorized access to Company data and clients’ information by the vendor of the system who is not an authorized user of company data. * The company cannot monitor process of creation of roles and assigning of rights which are performed by administrators of systems who usually have elevated rights on the system. This may lead to elevation of rights without management approval/notification which may be abused or restriction of key rights on different roles which may in turn affect operations in the company. * Periodic review of rights assigned to various roles in the system is not guaranteed. We also noted that the function of generating system users is performed by the vendor and the company IT staff are not able to view users’ activities' on the system other than login history. | | | |
| Risk/Impact | | | |
| ICT risk. There's a risk that additional rights may be assigned without knowledge of management which may be used for malicious reasons. There is also the risk of denying users the rights that they require in execution of their duties. | | | |
| Recommendation | | Remediation Plan | |
| Management should ensure that critical functions such as creation of roles and assigning rights to created roles are performed by company IT. | | Our IT function was absorbed by the group It department and should be responsible for all the systems in use in Eezy Group. We have escalated to them to address the item. | |

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| 03 Faulty approach to debt recovery unit valuations |

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| **Process:** Auctioning Process | **Process Owner:** Head of Auctioning Department1 |
| **Owner:** Valuation Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Medium | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 27, 2023 |  | |  |
| Description | | | |
| Valuations of motor vehicles are done during loan application to determine the amount to fund against an asset. A second valuation is done to determine the reserve value before auction in cases where motor vehicles have been repossessed from the clients. We reviewed a sample of 15 out of 179 motor vehicle sold at a loss (Platinum Credit Limited-174 motor vehicles and 5 for Momentum Credit Limited) valuation records done between January 2022 and January 2023 to compare initial forced sale value, debt recovery unit (DRU) forced sale value (FSV) and the sale amount and noted 6/15 cases where motor vehicles were disposed-off at a price significantly lower than initial valuation forced sale value.  The 6 vehicles had no missing components and had not been involved in an accident as per both valuation reports.  From discussion with management we learnt that a standard valuation requires a minimum drive test of 1 kilometer test in order to make informed decision on motor vehicle’s engine, gearbox, and braking systems. Minimal testing is performed by only starting the engine of the motor vehicle. The vehicle is not moved from the parked position.  We reviewed the DRU valuation reports for the 6 exceptions and noted the comments on the reports highlighted minimal testing were done which causes overvaluation as not all underlying technical malfunctions such as non-functioning gearbox are identified during valuation but are identified later at bidding stage by willing buyers. This shows that Eezy Track’s methodology of valuation does not pick out obvious mechanical issues.   |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Registration Number | Vehicle Make | 1st Valuation date | 1st Valuation Forced Value | DRU Valuation Date | DRU Forced Valuation (KES) | Sale Amount  (KES) | Write off amount (KES) | Time lapse (months) | Decrease in FSV (KES) | Depreciation (%)  Sale amount/1st Valuation | | KTCB463N | Massey Fergusson | 21-Jul-21 | 1,020,000 | 4-Jul-22 | 870,000 | 600,000 | 1,133,943.65 | 12 | 150,000 | 59% | | GKB188R | Nissan Hardbody Yd 2.5 Np300 2500 | 17-Mar-22 | 1,870,000 | 19-Oct-22 | 1,070,000 | 810,000 | 1,117,403 | 7 | 800,000 | 43% | | KCL383E | Toyota Hiace Kdh201v-jemdy 2980 | 23-Feb-22 | 1,060,000 | 12-Nov-22 | 760,000 | 430,000 | 278,346.00 | 9 | 300,000 | 41% | | KCW599R | T-king Zb102 Tipper 2771 | 16-Mar-22 | 2,470,000 | 9-Jun-22 | 1,920,000 | 1,000,000 | 804,588.60 | 3 | 550,000 | 40% | | KBZ295Q | Faw Ca4322p2k15tia82 380hp | 28-Sep-21 | 2,420,000 | 23-Jun-22 | 1,360,000 | 750,000 | 964,390.10 | 9 | 1,060,000 | 31% | | KBX603F | Mitsubishi | 30-Dec-20 | 2,300,000 | 15-Nov-21 | 830,000 | 710,000 | 807,852.09 | 11 | 1,470,000 | 31% | | | | |
| Risk/Impact | | | |
| Financial risk-failure to recover repossessed motor vehicles value.  Credit Risk - High default cases from customers  Operational Risk - Weakness in the valuation department can cause inefficiencies of company objectives.  Reputational risk-bad image of the company because of many cases of unrealizable valuation values of motor vehicles. | | | |
| Recommendation | | Remediation Plan | |
| Management should ensure that the company conducts thorough 1st valuation to minimize notable differences in value from initial valuation to asset realization stage.  Management should ensure that all aspects of the motor vehicle are tested to ensure that the correct debt recovery unit(DRU) forced sale value for the motor vehicle is derived.  Management should ensure minimal margin between debt recovery forced sale value and motor vehicle sale amount before sending for discretionary approval to the banks. Putting up the motor vehicle for auction until DRU forced sale value (FSV) is achieved.  Management should advertise their auction services more in the social apps so as to reach out to as many bidders as possible. | | The space and congestion in the yards cannot allow motor vehicles to be moved. | |

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| 04 Creation of users with generic usernames in systems |

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| **Process:** Tracking | **Process Owner:** Head of Operations1 |
| **Owner:** IT Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Medium | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 17, 2023 |  | |  |
| Description | | | |
| Platcorp Group Password policy restricts against creation of user accounts with generic usernames in systems. Fleetpage is the system used by the company to track motor vehicles on behalf of the subsidiaries who offer logbook loans to its clients. DealersOnline system is used by the company to manage valuation and repossession of motor vehicles and serve as an online auction platform by antique auctioneers where recovered assets are listed and approved bidders are allowed to make bids. Therefore, the two systems play a significant role in the company.  We reviewed users created in both Fleetpage and DealersOnline systems and noted that as at February 17th 2023, there were 31/377 active users created with generic usernames on Fleetpage and 2 on DealersOnline. Actions performed by such users cannot be tied to a specific person in an organization. Refer to the tabulated examples below. *(Refer to annex 1)*   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Name | Email | Status | Last Login | System | | Fanikiwa | lbf@fmfc.co.tz | active | 16-02-2023 | Fleetpage | | wlt | eezy@wlt.com | active | 13-02-2023 | Fleetpage | | Control Room | control@eezygroup.net | active | 21-10-2022 | Fleetpage | | Rent Works | info@rentworks.co.ke | active | 07-10-2022 | Fleetpage | | wltUser1 | w@gmail.com | active | 19-07-2022 | Fleetpage | | Eezy Training | eezytraining@eezygroup.net | active | NA | DealersOnline | | EezyTraining1 | eezytraining1@eezygroup.net | active | NA | DealersOnline | | | | |
| Risk/Impact | | | |
| ICT risk. Risk that activities performed in the system cannot be tied to a specific user. | | | |
| Recommendation | | Remediation Plan | |
| Management should consider renaming or deactivating such accounts. | | All Generic Users will be cleaned up and individual logins assigned to the users. | |

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| 05 Inconsistent number of bids |

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| **Process:** Auctioning Process | **Process Owner:** Head of Auctioning Department1 |
| **Owner:** Auction Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Medium | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 16, 2023 |  | |  |
| Description | | | |
| The company performs vehicle auction as a charged service to its clients. Clients send a list of vehicles to be auctioned by Friday which is uploaded on Dealers Online System on Saturday morning. Adverts are made in the newspapers on Monday morning and interested clients bid via the Dealers Online System. At the end of the bidding period, Eezy Track shares total number of bids received with the clients for evaluation. We reviewed a sample of 90 from 1,111 vehicles sold between January 2022 to January 2023 and noted 1/90 with inconsistent bidders’ records at Eezy track and Platinum Credit auction documents.   We further noted that the 2 additional bids for KCX754N from the bank's side had two different vehicle IDs (22244 and 22245). According to Bidders' history in Dealers Online System vehicle ID 22245 was a different vehicle model - Toyota probox while KCX754N was a Toyota wish. The winning bidder was Paul Kungu vehicle ID 22244 which was not among Dealers Online System bidders’s history for KCX754N.     |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Motor vehicle Registration. | Sale Amount (KES) | Reserve price (Advert)  (KES) | No. of bids (Platinum Credit) | Bids received (Eezy) | Variance in the number of bids at (Eezy-Platinum) | Comment | | KCX754N | 905,000.00 | 770,000.00 | 4 | 2 | -2 | number of bids at Eezy is less than that at PCLK | | | | |
| Risk/Impact | | | |
| Operational risk due to poor company to client communication. | | | |
| Recommendation | | Remediation Plan | |
| -The management should share bidders record with the bank.  -They should ensure consistency in bidding records shared to the client.  -There should be proper record keeping for accountability reasons. | | Multiple valuation Ids can be present for the same vehicle and the unique identifier should be the car Reg No.  KCX754N according to our records (Dealers online) is a Toyota Wish 2012 and has a valuation number 22246.  Valuation Id 22244 was deleted by the Principal Valuer as the job cards were duplicated, Valuation Id 22245 is for a Toyota Probox Reg No KDA273S  From Jan to April 2022 the banks were also receiving additional Bids through ussd and other means which Eezy are not part of.  The Banks have access to dealers online and are able to view all bids for any vehicle. | |

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| 06 Biasness in generating motor vehicle values |

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| **Process:** Valuation | **Process Owner:** Head of Operations1 |
| **Owner:** Valuation Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Medium | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 20, 2023 |  | |  |
| Description | | | |
| According to the Valuation process flow, the quality control team counter-checks the values reports and makes any necessary editing if required. The team confirms previous history of the vehicle valuation, computes the final value, approves the report and shares it with the bank (client) via the portal.  From January 2022 to January 2023, Eezy Track performed a total of 12,935 initial valuations done at loan application stage and a total of 1,874 valuations performed at debt recovery stage. A total of 733 motor vehicles were valued in both initial loan application and debt recovery unit stages. We reviewed all the 733 vehicle valuation records and noted 14/733 vehicles valued where the principal force sale value increased during debt recovery unit valuation as tabulated below.   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Reg No | FSV (Loan application stage valuation) KES | Principle Forced Sale Value (DRU) KES | Variance in valuation (DRU-Initial) | Date inspected (initial valuation) | Date Inspected (DRU) | Variance Date Inspected | | KCK069M | 900,000.00 | 990,000.00 | 90,000.00 | 17-Feb-22 | 14-Oct-22 | 238 | | KCL839H | 440,000.00 | 494,000.00 | 54,000.00 | 3-Jun-22 | 29-Nov-22 | 178 | | KBB927G | 590,000.00 | 646,000.00 | 56,000.00 | 25-Mar-22 | 24-Aug-22 | 152 | | KCT309U | 310,000.00 | 323,000.00 | 13,000.00 | 15-Sep-22 | 17-Jan-23 | 124 | | KBG441C | 920,000.00 | 940,000.00 | 20,000.00 | 27-Jun-22 | 29-Oct-22 | 123 | | KBW221Z | 340,000.00 | 358,000.00 | 18,000.00 | 11-Oct-22 | 10-Feb-23 | 121 | | KBV427H | 260,000.00 | 270,000.00 | 10,000.00 | 18-Mar-22 | 25-Jun-22 | 98 | | KBX107N | 220,000.00 | 221,000.00 | 1,000.00 | 13-Oct-22 | 18-Jan-23 | 97 | | KDA775K | 550,000.00 | 730,000.00 | 180,000.00 | 22-Mar-22 | 27-Jun-22 | 97 | | KBV079D | 320,000.00 | 330,000.00 | 10,000.00 | 17-Feb-22 | 18-May-22 | 89 | | KCD403Q | 1,390,000.00 | 1,450,000.00 | 60,000.00 | 2-Jun-22 | 24-Aug-22 | 83 | | KBS734T | 550,000.00 | 600,000.00 | 50,000.00 | 8-Aug-22 | 27-Oct-22 | 79 | | KCY869L | 1,200,000.00 | 1,380,000.00 | 180,000.00 | 16-May-22 | 16-Jul-22 | 60 | | KCS590E | 1,430,000.00 | 1,595,000.00 | 165,000.00 | 14-Oct-22 | 6-Dec-22 | 53 | | | | |
| Risk/Impact | | | |
| Financial risk- giving misleading values of vehicle can lead to misleading financial decisions by management.  Operational risk- due to misrepresented values of vehicles. | | | |
| Recommendation | | Remediation Plan | |
| The management should have independence in generation of vehicles value and not rely on previous vehicle history.  The management should ensure re-check of vehicles values before issuance of valuation report. | | The value of all the vehicles can go up and down depending on the prevailing Market conditions and as norm a 10% deviation is acceptable.  In addition, there could be a change in value due to any repairs and maintenance done on the vehicles. | |

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| 07 Lapse in Yard management |

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| **Process:** Repossession and Yard management | **Process Owner:** Head of Operations1 |
| **Owner:** Yard Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Medium | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 22, 2023 |  | |  |
| Description | | | |
| According to Eezy Storage Process flow it guides that once motor vehicle booking and valuation is done, it is assigned a parking bay. Eezy valuer then parks vehicle in the designated bay. From our visit to Mombasa Road and Ruiru yards we noted the following:   1. The motor vehicles parking bays in Ruiru Yard were not numbered. 2. 5 out of 23 vehicles in Ruiru yard were not in their designated positions in the motor vehicle parking bay as tabulated below.  |  |  |  |  | | --- | --- | --- | --- | | Vehicle | Registration Number | Assigned Parking Bay | Current Vehicle Position | | Nissan Serena 2wd1990 | KCD848U | B2 | B3 | | Toyota lite ace1500 | KCP691W | C7 | A7 | | Nissan x-Trail Nt301998 | KBA437K | C7 | C6 | | Toyota Raum 1.51490 | KBT507A | F7 | E7 | | Toyota Town Ace 1.81780 | KBU638A | B6 | C7 | | | | |
| Risk/Impact | | | |
| -Operational risk due to not having motor vehicles parking borders to ensure proper vehicle alignment and incorrectly positioning vehicles as assigned. | | | |
| Recommendation | | Remediation Plan | |
| The management should ensure parking bay has borders and correct alignment of Motor vehicles. | | This has been addressed. | |

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| 08 Failure to update access link to  the terms and conditions on the service level agreement |

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| **Process:** Governance, Strategy & Policies | **Process Owner:** Head of Operations1 |
| **Owner:** Finance Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Low | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 10, 2023 |  | |  |
| Description | | | |
| Service Level Agreements guide on interactions between Eezy Track and its clients. We reviewed Outsourcing Agreement with Momentum Credit Ltd and noted on the auctioneering process, the Service Level Agreement states that terms and conditions of the process can be accessed via https://www.eezyonline.net/site/terms. The link returns a 404 response meaning the page does not exist. We noted the terms and conditions can be accessed via https://www.eezycars.co.ke/site/terms. | | | |
| Risk/Impact | | | |
| Litigation risk. Risk that there is a lawsuit if actions are performed against terms and conditions. | | | |
| Recommendation | | Remediation Plan | |
| Management should  update the Service Level Agreement to reflect the changes. | | The process has changed and the a new SLA will be drafted which will have the correct link. | |

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| 09 Underutilization of Dealersonline system in management of motor vehicles movement |

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| **Process:** Repossession and Yard management | **Process Owner:** Head of Operations1 |
| **Owner:** Yard Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Low | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 21, 2023 |  | |  |
| Description | | | |
| Motor vehicles repossessed are released back to the clients or the buyer in case of an auction, (upon receipt of release notices from the banks) and the release is recorded on DealersOnline system.  We noted underutilization of the system as the motor vehicles were not immediately updated in the system as released which results in operational inefficiencies. We performed physical verification of motor vehicles kept in the yards versus listing of repossessed motor vehicles in the system that were yet to be released and noted that as of 20th February, 2023, there were 19 motor vehicles that had been released but had not been updated in the system as releases.  Additionally, management does not get accurate data for analyses and preparation of management reports. Refer to the tabulated examples.   |  |  | | --- | --- | | Vehicle Reg No | Release Date | | KCR435F | 19-12-2022 | | KCD195S | 17-01-2023 | | KCB352V | 17-01-2023 | | KDG942T | 20-01-2023 | | KCG902T | 20-01-2023 |   We also noted 2 motor vehicles in the yard of registration numbers KCH845L and KDE761C which valuation were performed on 15th February but were yet to be stocked and captured in the system as repossessed motor vehicles. | | | |
| Risk/Impact | | | |
| Operational risk. Having wrong information in the databases of motor vehicles currently in the company custody. | | | |
| Recommendation | | Remediation Plan | |
| Management should ensure that once a vehicle is released, it's promptly cleared in the system as released to avoid owning incorrect information of motor vehicles in the yard. | | 1.Recommendation is well noted and action has been Taken immediately. | |

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| 10 Documentation gaps in vehicle condition checklist |

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| **Process:** Tracking | **Process Owner:** Head of Operations1 |
| **Owner:** Tracking Manager | **Executive Owner:** Managing Director1 |
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| --- | --- | --- | --- |
| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Low | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 13, 2023 |  | |  |
| Description | | | |
| Tracking process flow guides that pre-installation checks of the motor vehicles are performed by the technician prior to installation and post-installation checks performed after installation in order to ensure the functionality of the motor vehicle has not been tampered with. The owner of the vehicle and the technician sign the checklist if the motor vehicle functionality has not been tampered with. The technician takes photos of the checklist and uploads on Trackpack which is synchronized to the Stockmover database. We sampled 30/12445 MV's being tracked by the company as of February 2023, and noted 3 cases where photos of checklist conditions verified before the installation were missing. The 3 missing were for the motor vehicles of registration numbers; KCR768G, KCV331T and KCR592M. | | | |
| Risk/Impact | | | |
| Litigation risk. Risk of dispute arising between the client and company on the condition of the vehicle before and after fitment of trackers. | | | |
| Recommendation | | Remediation Plan | |
| Management should ensure all company documents are uploaded on systems. This ensures that the documents are readily available for accountability purposes. | | We have the manual checklist retained by the Technician for verification but we will ensure a 100% upload of the checklists in the track Pack. | |

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| 11 Activation of wrong tracking units |

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| **Process:** Tracking | **Process Owner:** Head of Operations1 |
| **Owner:** Tracking Manager | **Executive Owner:** Managing Director1 |
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| Finding Information | | | |
| Overall Status | Severity | | Escalation Level |
| Open | Low | | Executives |
| Date Identified | Remediation Deadline | | Remediation Status |
| February 16, 2023 |  | |  |
| Description | | | |
| The tracking process flow forms part of the tracking Service Level Agreement between Eezy Track and its clients. The process flow provides that the technician shall activate the installed tracking device for it to go live on the tracking platform before issuance of the tracking certificate. We noted 10/4799 repairs done between Jan 2022-Jan 2023 were due to activation of the wrong units. This consequentially affects the Turn Around Time taken before the tracking certificate is issued and consequently, the time taken for loan disbursement by the banks. Refer to the tabulated cases below.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Reg Number | Installed Time | Repaired Time | Repair TAT (Hours) | Loan Activation Date | Notes | | KDC896S | 20-07-2022 | 28-07-2022 | 188 | 21-07-2022 | Activating the right backup unit | | KCC662Y | 27-07-2022 | 28-07-2022 | 14 | 28-07-2022 | Activating the right unit | | KBV196D | 20-05-2022 | 20-05-2022 | 1 | 24-05-2022 | Activated wrong unit | | KCY546Y | 22-06-2022 | 22-06-2022 | 1 | 23-06-2022 | Activated wrong device | | KTCB302W | 15-12-2022 | 15-12-2022 | 1 | 15-12-2022 | Wrong unit activation | | | | |
| Risk/Impact | | | |
| Operational risk. Risk that we are taking more time in executing operations against what is stipulated in the Service Level Agreement. | | | |
| Recommendation | | Remediation Plan | |
| Management should minimize internal errors to zero. | | All activations and unit confirmations are done on the same day installation is done and from the sample all except two were done on the same day. We are committed to having a zero error internal processes. | |