

2. Acceptance of the Office of the City Auditor Report AU23-030 Audit of SAPD Growden and Towing Contracts [Kevin W. Barthold, City Auditor]

**CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR**

SAN ANTONIO POLICE DEPARTMENT
AUDIT OF GROWDON AND TOWING
CONTRACTS
PROJECT NO. AU23-030
NOVEMBER 14, 2023

KEVIN W. BARTHOLD, CPA, CIA, CISA
CITY AUDITOR



Table of Contents

Executive Summary 2

Background..... 3

Audit Scope and Methodology 5

Audit Results and Recommendations 6

Appendix A – Staff Acknowledgement 7

Appendix B – Management Acknowledgment 8

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the San Antonio Police Department (SAPD), specifically the Growdon impound lot and towing contracts. The audit objectives, conclusions, and recommendations follow:

Determine if contracts for towing and vehicle storage are managed appropriately.

Overall, the SAPD is managing the contracts for towing and vehicle storage appropriately. We reviewed the contract administration plans (CAP) for both contracts and determined the SAPD is covering all key contract requirements and performing adequate monitoring procedures. The SAPD is also properly recording payments received from contractors. Additionally, contractor staff have met background check and training requirements as stipulated in the contracts. We also reviewed the security plan for the Growdon Vehicle Storage Facility (Growdon VSF) and determined the SAPD had implemented the plan. Finally, user access to the systems used for both contracts is appropriate.

We make no recommendations to the SAPD; consequently, no management responses are required. Management's acknowledgement of these results is in Appendix B on page 8.

Background

Tow Manager Contract

The City of San Antonio contracts with United Road Vehicle Management Solutions (URVMS) to provide police-directed towing management services for the San Antonio Police Department (SAPD). The contract began on December 1, 2015, with a duration of four years. The contract has been extended to end on September 30, 2024.

The SAPD manages the contract through its Contract Towing Office (CTO). To facilitate this process, they have assigned a contract coordinator to monitor the contract using a contract administration plan (CAP). Additionally, every year the contract coordinator conducts a performance review of the contractor to determine compliance with contract requirements.

URVMS subcontracts with five towing companies and one dispatch company to provide the towing services for the contract under the direction of URVMS. URVMS is required to maintain a 98% on-time rating for all calls for service under the contract. They use the TowExchange/Central Management Application (CMA) to manage towing services.

Towing Services are charged at the following rates:¹

- Light tows - \$175 per tow
- Medium tows – \$293 per tow
- Heavy tows - \$345 per hour with a minimum 2-hour charge

The City receives a commission fee of \$7 per tow plus any violations incurred by tow companies. This can include items like response time violations, improper display of City badge, or improper use of safety chains. For fiscal year (FY) 2022, 55,464 tows were performed and the City earned \$367K in commission fees and \$1,075 in violation fees.

Growdon Vehicle Storage Facility Contract

The Growdon Road Vehicle Storage Facility (Growdon VSF) is a City-owned property and is used to store and manage impounded vehicles. The City has contracted with Alanis Wrecker Service, LLC (AWS) to manage the impounded vehicle process at Growdon VSF. The contract with AWS commenced on October 1, 2017, and has been extended to end on September 30, 2024.

The SAPD also manages this contract through the Contract Towing Office (CTO). SAPD has assigned a contract coordinator who monitors AWS's management of the Growdon VSF for compliance with key contract requirements. Similar to the monitoring process for the Tow

¹ The Tow Manager Contract was extended for one year starting October 1, 2023. The tow rates increased as follows:

- Light tows - \$210 per tow
- Medium tows - \$350 per tow
- Heavy tows - \$410 per tow with a minimum 2-hour charge



Manager Contract, they use a CAP and conduct annual performance reviews to facilitate this process. Regular site visits are also performed to monitor contract compliance.

City-approved towing companies bring vehicles to the Growdon VSF. This can be for reasons including vehicles belonging to arrested drivers, vehicles damaged in accidents, or vehicles seized by SAPD as evidence for an ongoing case. AWS is responsible for the intake, storage, and release of impounded vehicles. Additionally, they are responsible for managing the weekly auction process for abandoned vehicles, maintaining the property, environmental compliance, and providing security. AWS uses the AutoReturn Integrated Enterprise System (ARIES) to manage the Growdon VSF. This system manages the entire impound process including vehicle intake, storage, release, and auction sales.

Charges for impounded vehicles include: (1) towing fees (see listing above), (2) impound fees (\$20), (3) daily storage fees (\$20 + tax each day), and (4) notification fees (\$50; added only after the 2nd day of storage). For FY 2022, the City impounded 36,856 vehicles.

Per the contractual requirements, AWS pays the City a minimum annual guarantee (MAG) each month or 2% of adjusted gross sales, whichever is greater. Additionally, the City receives 85% of all auction sales. For FY 2022, the City received \$175,000 for the MAG and \$9.1 million in auction sales.

Audit Scope and Methodology

The audit scope consisted of evaluating the contract monitoring process for the Tow Manager and Growdon VSF contracts for the first two quarters of FY 2023.

To gain an understanding of department operations, we performed interviews with department personnel, performed walkthroughs of significant processes, and reviewed relevant documentation. The primary criteria for this audit are the Tow Manager and Growdon VSF contracts and the associated CAPs.

We assessed internal controls relevant to the audit objective. This included a review of the CAPs; payments to the City for the commission fee, MAG, and auction sales; payments for towing fees; towing charges including heavy tows; vehicle inspections; background checks and training requirements for tow truck drivers and Growdon VSF staff; security of the Growdon VSF; and system access controls.

We relied on computer-processed data in the CMA and ARIES systems to validate financial payments and user access. Our reliance was based on performing direct tests of the data by tracing financial payments into SAP and a review of system access controls. We do not believe that the absence of testing application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

Overall, the SAPD is managing the contracts for towing and vehicle storage appropriately.

We reviewed the CAPs for both contracts and determined the SAPD is covering all key contract requirements and performing adequate monitoring procedures. We also reviewed the security plan for the Growdon VSF and determined the SAPD has implemented the plan. Additionally, tow truck drivers and Growdon VSF staff have met the background check and training requirements in the contracts. The SAPD is also performing the required bi-annual inspections of tow trucks.

Additionally, we reviewed two monthly commission fee payments from the contractor for two months from the first two quarters of FY 2023 in the amounts of \$17K and \$14K and determined the payments were accurate and recorded correctly in SAP. We also reviewed the monthly auction sales payment for two months from the first two quarters of FY 2023 in the amounts of \$842K and \$814K and determined the payments were accurate and recorded correctly in SAP. The MAG payments of \$15K for both months were also accurately recorded.

Finally, we determined users have appropriate access to CMA and ARIES, and the SAPD is appropriately monitoring access to these systems.

Appendix A – Staff Acknowledgement

Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager

Douglas Francis, CIA, Auditor in Charge

Javier Castillo, IT Auditor

Rudy Carrasco, Auditor

Appendix B – Management Acknowledgement



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

October 16, 2023

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of its Review of Audit of San Antonio Police Department
Growdon and Towing Contracts

The San Antonio Police Department has reviewed the audit report. As there are no recommendations
for management, no management responses are required.

San Antonio Police Department:

☒ Fully Agrees

☐ Does Not Agree (provide detailed comments)

Sincerely,



William P. McManus
Chief of Police
San Antonio Police Department

10/16/23
Date



Maria Villagómez
Deputy City Manager
City Manager's Office

10/31/2023
Date