



CITY OF SAN ANTONIO

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March 30, 2007

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City Manager

Ladies and Gentlemen:

SUBJECT: San Antonio Police Department Wrecker Services Contract Compliance Audit

We are pleased to send you the report and Management responses of the San Antonio Police Department (SAPD) Wrecker Service Contract Compliance Audit. This audit began in January 2006 and concluded with an exit conference with Chief McManus in November 2006.

The timely issuance of this report was hampered due to personnel changes in the Police Department and Internal Audit Department. As such, you will find that the financial figures and charts do not reflect 2006 information. However, the audit observations are still relevant, and the SAPD Action Plan indicates full acceptance of all thirteen recommendations in our report.

The Internal Audit Department appreciates the opportunity to have performed this audit and is available to discuss this material with you individually at your convenience.

Respectfully submitted,

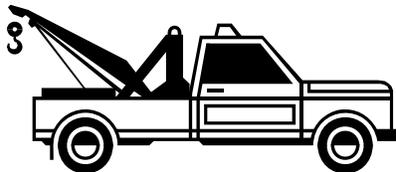
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cc: Leticia Vacek, City Clerk



CITY OF SAN ANTONIO
INTERNAL AUDIT DEPARTMENT

San Antonio Police Department
Wrecker Services Contract Compliance Audit



Project No. AU06-001

Issue Date: March 30, 2007

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EXECUTIVE SUMMARY

Overview

The Internal Audit Department initiated and completed a compliance audit of the City of San Antonio's (City) Wrecker Service Contract (Contract) with Texas Towing (Contractor) based upon an evaluation of operational and financial risks to the City. The Contract is considered high risk due to its exclusivity, the amount of commission paid to the Contractor, the broad range of clients served and environmental concerns involved.

Results in Brief

Certain Contract terms were not being monitored and weak internal controls were noted. In addition, the Contractor is not in full compliance with some of the Contract terms. The level of non-compliance appears to be proportional to the lack of monitoring. Also, several issues noted are the result of vague Contract language and a weak Contract Administration Plan.

Our recommendations are summarized below. We believe the Police Chief should:

- Clarify Contract language to enable effective compliance monitoring and enhance Contract provisions to protect the City's interests
- Improve automated solutions, operating procedures, and internal controls to aid Contractor performance evaluation
- Ensure that the Contractor meets all provisions of the Contract, including the timely submission of audited financial statements

INTRODUCTION

Background

In 1963, the City Council passed Ordinance 31977 which charged the Police Chief with the responsibility for towing vehicles that are abandoned or involved in a collision. The Police Chief in turn assigned this task to the City’s Wrecker Service Unit (WSU), a unit within the San Antonio Police Department’s (SAPD) Support Services Division. The lieutenant in charge of the WSU is responsible for overseeing the Contract. This oversight includes: 1) monitoring Contract terms, Contractor performance, and damaged vehicle complaints, 2) approving subcontractor and driver applications, and 3) inspecting all wreckers semi-annually. The City earns commissions from the Contract through a “Minimum Annual Guarantee” from towing fees, wrecker driver applications, and police event fees. Although towing fee charges are State regulated, they must be approved by City Council.

In April 2003, City Council authorized City Ordinance 97533 to allow an exclusive contract in the interest of public safety to regulate the wrecker service that responds to automobile accidents and other police incidents.

On May 28, 2003, the City entered into an exclusive seven-year contract with Txtow Corporation, doing business as Texas Towing (Contractor), a single bidder on this contract. The Contractor has provided towing services for the City since 1993 and has been awarded a contract three times. Commissions paid to the Contractor since inception of the Contract through December 31, 2005 total approximately \$9.7 million. **Exhibit 1** summarizes commissions paid by type of service.

Exhibit 1

Wrecker Service Contract Fees Paid				
For the Period June 1, 2003 through December 31, 2005				
	Contract Year: June 1 - May 31			Total
	2003	2004	2005*	
City-Owned Vehicle Tows	\$ 221,829	\$ 253,781	\$ 99,894	\$ 575,505
Parking and Private Tows	1,592,395	1,674,180	1,041,546	4,308,120
Growdon Impound and Downtown Tows	1,796,338	1,910,693	1,093,408	4,800,439
Total	<u>\$ 3,610,562</u>	<u>\$ 3,838,654</u>	<u>\$ 2,234,848</u>	<u>\$ 9,684,064</u>

* - June 1 - December 31, 2005

Source:
Data for Parking, Private, Growdon Impound and Downtown Tows was obtained from the Contractor's Semi-monthly Billing Statements. City-owned Vehicle Tow data was obtained from the City's FAMIS and ERM/SAP systems.

The Contractor operates two State Licensed Vehicle Storage Facilities located within one-half mile of downtown: 825 Morales Street and 222 Newell Avenue. These lots have the capacity to hold seventy-five City impounded vehicles and operate twenty-four hours a day, seven days a week. The Contractor employs approximately 80 employees. The towing operation is organized in two sections – light duty and heavy duty. The wrecker drivers are responsible for cleaning up all debris, materials, and hazardous materials from accident scenes, City/State right-of-ways and private property. The heavy equipment side of operations incorporated in 2002, forming a separate legal entity, AAA Environmental Cleanup Corporation (d.b.a. All Hazard). It oversees hazardous materials clean-up and removal from 18-wheeler accidents.

The City’s Wrecker Services Unit (WSU) operates at 442 Ninth Street from 7:45 a.m. until 4:45 p.m. Monday through Friday. The WSU employs four staff: one administrative civilian, two Police Officers and a civilian Transportation Inspector. The staff is overseen by an SAPD Lieutenant. The Transportation Inspector works from 6 pm to 2 am five days per week. He inspects the Contractor’s

equipment and randomly observes wrecker drivers at the towing scene to ensure contract compliance.

Under the current system, the City is divided into six “staging areas” with wrecker drivers dispersed accordingly so that drivers can meet the Contract’s thirty-minute response requirement. SAPD initiates a tow by contacting the Contractor who in turn dispatches wrecking trucks. At the scene, Police Officers direct the tow request to the Contractor rather than a third party tower if no preference is given by the vehicle’s owner. Vehicles are normally taken to the Vehicle Storage Unit at Growdon Road. However, if a crime was committed, the vehicle is towed to the WSU for evidence processing. Downtown parking and unpaid parking-fine tows are taken to the Contractor’s downtown storage lot on Morales Street. The City also utilizes the Contractor’s services for City-owned vehicle tows and emergency road-side services. These services are billed separately and processed by the departments requesting the services. The Contract provides for two full performance reviews at twenty-four and fifty-four months. If performance is determined to be unsatisfactory, the City may seek to terminate the Contract.

Criteria

The following criteria were used for this audit:

- Wrecker Service Contract, dated May 28, 2003
- Local and State Government Codes: including the Transportation Code, Texas Administrative Code, TxDot Insurance Filings, Occupations Code, OSHA Standard 29 and City Ordinances and Municipal Codes
- SAPD and Vehicle Storage Unit Standard Operating Procedures Manual - May 1, 1998
- Generally Accepted Accounting Principles (GAAP)
- Committee of Sponsoring Organizations of the Treadway Commission – Internal Control Framework (COSO)
- Control Objectives for Information and Related Technology (CobiT)
- South Central Texas Regional Certification Agency
- City of San Antonio Contracting Policy and Process Manual
- Best practices and trends employed by other cities

Objectives and Scope

The objectives of this audit were to:

- Determine the Contractor’s compliance with Contract terms and applicable Federal, State and local laws and regulations
- Evaluate WSU controls and processes for monitoring the Contract
- Identify improvements and efficiencies

The project scope was from June 1, 2003 through December 31, 2005 for detail testing.

A review and comparison of the Contractor’s electronic records with the City’s Vehicle Impound Management System (VIMS) records was not performed due to a lengthy delay in processing a Confidentiality Agreement with the Contractor. Instead, partial tests and comparisons were conducted for compliance issues related to Contract revenue, HazMat services, towing charges, and Parking Fee collection.

Methodology

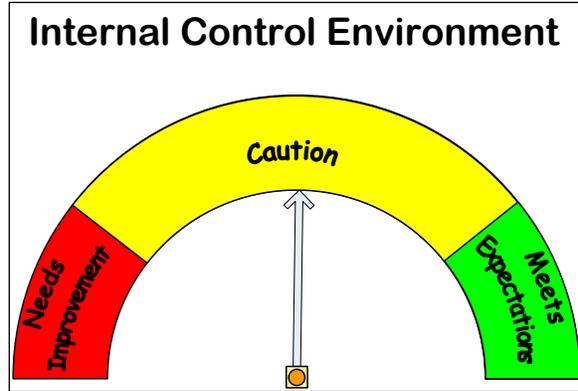
Our audit methodology consisted of collecting information and documentation, conducting interviews, observing facilities and processes, performing selected tests and other procedures, and evaluating the results of tests performed.

This audit was performed in compliance with generally accepted government auditing standards issued by the U.S. Government Accountability Office.

Risk Assessment Capability

In performing this audit, five risk management capabilities were considered for purposes of determining key risks to the City. The capabilities include strategies, processes, people, technology, and information. A more detailed description of the capability stages has been included as **Attachment A**. Of the five risk management capabilities, the processes model was deemed the most applicable to this audit. The matrix is organized into five recognized capability maturity/development stages. Most entities achieve a *managed* stage while fewer achieve an *optimized* stage.

Using the Enterprise Risk Assessment Capability Matrix for Process Capabilities, we believe the contract monitoring processes were at the **repeatable** stage since some standard procedures exist but are not well documented or regularly updated to reflect changing needs.



DETAILED OBSERVATIONS AND RECOMMENDATIONS

The following observations, risks, and recommendations are organized into two categories: Contract Language and Internal Controls.

A - Contract Language

A.1 Clarify General Contract Language

Observation

Many Contract terms are ambiguous, incomplete, or silent regarding City and Contractor responsibilities. As a result, some Contract terms and/or intentions are not being met by the Contractor or the City in some cases.

Following are the Contract language concerns noted during the audit:

- The Contract does not address “loss-sharing” for uncollected towing fees. Currently, the City bears all risk of losses from uncollected towing fees to the Growdon Vehicle Storage Facility.
- Provisions are ambiguous regarding how the Contract’s value is supposed to be determined.
- The Contract assigns some responsibility to City Departments (e.g. Risk Management) who are unaware of their assignments.
- The Contract has limited or insignificant penalty clauses for poor performance.
- Insurance requirements for subcontractors are restrictive.
- The Contractor’s fiduciary responsibility for collecting parking fines is not clearly addressed.
- The Contract does not require billing reports to be submitted to the WSU that include all tows under the Contract (City-vehicle tows).
- The Contract does not require the Contractor to segregate revenue and expense data related to City business from other business enterprises for reporting and analysis.
- The Contract lacks provisions for establishing proper communication channels between the Contractor and the City.

Risk

Vague or non-existent contract terms can result in non-compliance and loss of revenue to the City. Furthermore, the lack of a “loss-sharing” provision for uncollected towing fees results in a substantial cost to the City.

Recommendation

The Police Chief should work with the Contractor and City Attorney to amend the Contract to address the issues above. Furthermore, the Police Chief should strictly hold the Contractor to all Contract terms and impose contractual penalties for non-compliance.

A.2 Define and Price Hazardous Materials Clean-up Services

Observation

There appears to be different interpretations by both the Contractor and the Wrecker Services Unit (WSU) regarding pricing and mark-up for 18-wheeler hazardous material clean-up services. Current pricing and mark-up practices do not reflect the Contract's language and appear to be based upon the WSU's intent, combined with practices that have evolved from the working relationship.

The Contract allows the Contractor a 15 percent mark-up for rental, lease, or purchase of "special equipment" authorized by the WSU for "emergencies or disasters." The Contract's Pricing Schedule rate plus a 20 percent mark-up is allowed for work performed in a "hazardous or dangerous environment." However, the Contract does not define special equipment, emergencies, disasters, or hazardous and dangerous environments.

The WSU and the Contractor differ in their understandings of these terms which contributed to the following practices:

- The Contractor believes that the Contract allows a mark-up of 15 percent for everything used in the clean-up effort except for light duty equipment and labor. The WSU considers the 15 percent as a "restock fee" that can be applied to the total charges for every 18-wheeler hazardous material clean-up service.
- There were differing opinions between the Contractor and the WSU of what situations constitute a hazardous and dangerous environment. When asked, the WSU uniformed staff defines "hazardous materials" in terms of anything that spills other than water and, accordingly, approves anything requested to clean-up spills that meet this definition. On the other hand, the Contractor's Heavy Equipment Supervisor considers hazardous materials as diesel fuel or any cargo that is "plaquered."
- The subcontractor - All Hazard (the heavy-equipment side of Texas Towing) also marks-up its equipment, labor and supplies 15 percent.
- The Pricing Schedule does not address supplies, subcontracted labor, costs for various reports, or disposal prices/rates used for 18-wheeler/hazardous materials clean-up. Current market prices, which are based on what other hazardous materials clean-up services are charging, are used to bill the City and insurance companies. Several of these rates are marked up 15 percent by both the Contractor and the subcontractor, while the items listed in the pricing schedule are not marked up.

Risk

Subjective pricing negates the contracting process and can result in higher costs than intended for the City and its citizens.

Recommendation

The Police Chief should work with the City Attorney's Office, the WSU staff, and the Contractor to define and revise the Contract pricing language so that it sufficiently addresses all aspects of the clean-up service with fair pricing.

A.3 Evaluate the City’s Commission Calculation

Observation

The WSU has not consistently monitored the Minimum Annual Guarantee (MAG) or 10 percent of the Gross Value of the Contract (“10 percent calculation”) term to ensure the City receives its maximum commission. Additionally, not all revenue earned under the Contract has been considered in the calculation for this commission.

The City’s commission should be determined by calculating the higher of the Contract’s stated MAG or 10 percent of the Contract’s gross value. However, the Contract doesn’t define “gross value” nor is it specific as to whether the value should be determined on a bi-monthly, annual or cumulative basis. In January 2006, the WSU evaluated the MAG versus the “10 percent calculation” and determined that the “10 percent calculation” was greater than the MAG by approximately \$22,000. This was brought to the Contractor’s attention in January 2006 and the amount was deducted from the next payment.

Fees paid to the Contractor for City-owned vehicle tows were not included in the WSU January 2006 MAG versus the “10 percent calculation”. According to SAPD Administration, City-owned vehicle tow fees were excluded from the calculation because a discounted towing rate is being charged to the City. During the audit period, these fees totaled approximately \$575,505. The WSU “10 percent calculation” was recalculated in **Exhibit 2** below for Contract years two and three to include City-owned vehicle tow fees. By including these fees in the calculation, the City should claim an additional commission of about \$12,000, which would result in a total payment to the City of \$34,000.

Exhibit 2

Total Wrecker Service Contract Revenue			
Calculation and Comparison of Minimum Annual Guarantee with 10% of Contract Value			
For the Period 6/1/2004 through 12/31/05			
	Contract Year		
	2004	2005	Total
	(6 Months)		
City-Owned Vehicle Tows	\$ 253,781	\$ 99,894	\$ 353,676
Parking and Private Tows	1,674,180	1,041,546	2,715,726
Growdon Impound and Downtown Tows	1,910,693	1,093,408	3,004,101
Total	\$ 3,838,654	\$ 2,234,848	\$ 6,073,502
10% of Total Contract Value	383,865	223,485	607,350
Minimum Annual Guarantee	360,000	212,917	572,917
Amount Over Guarantee	23,865	10,568	34,433
Increase Commission to City	\$ 23,865	\$ 10,568	\$ 34,433

Source:
Data for monies collected by the Contractor for parking, private and impound tows were taken from the Contractor’s Billing Statements. City-owned vehicle tow data was extracted from the City’s FAMIS and FRM/SAP systems.

Risk

Not considering all Contract revenue earned in the commission calculation results in a loss of revenue to the City.

Recommendation

The Police Chief should work with the City Attorney’s Office and City Manager to evaluate and define how the City’s commission is determined and, together with the Contractor, define the gross value of the Contract. The evaluation should consider increases in levels of service, costs, and expected return.

B - Internal Controls

B.1 Improve Contract Administration Plan Procedures

Observation

A Contract Administration Plan (Plan) was not in effect when the Wrecker Services Contract was signed to provide monitoring and administrative guidance to the WSU. The City's Contracting Policy and Process Manual requires that the contracting department be responsible for administering each contract. A Plan was completed in January 2006 but it does not adequately consider all Contract requirements, performance measures, or current processes and practices. Several processes have changed or evolved which have not been considered in the Plan's "tasks."

During the course of audit test work, it was noted that:

- Compliance with Performance Bond and Insurance filing requirements was not being monitored
- Small Business Economic Development Advocacy goals were not being met
- Subcontractor certification requirements were not completely met nor were all documents on file for hazardous materials clean-up experts.
- Audited financial statements were not submitted by the Contractor
- Wrecker driver training and certifications were not reviewed
- The number of on-duty wrecker drivers was not submitted or reviewed on a daily basis

Risk

Without an effective Plan in place, it is difficult to ensure that contract terms are met and contractor performance is adequately evaluated.

Recommendation

The Police Chief should ensure that a thorough and comprehensive Contract Administration Plan is put in place as soon as possible. The Plan should contain specific procedures and measures for adequately monitoring and evaluating Contractor performance. Staff should be trained and given the necessary tools to monitor all Contract requirements and evaluate performance.

B.2 Leverage Contractor's Data with the City's Technology

Observation

Data is processed manually "around" the City's and Contractor's computer systems – VIMS, Municipal Parking Ticket System (MPTE), FASTER, ERM/SAP and the Towing Operations Software (TOPS). The systems do not interface to efficiently process needed information electronically. The Contractor downloads all towing charges from the TOPS computer system to an Excel spreadsheet to prepare semi-monthly billing statements and invoices. These statements and invoices are then hand delivered along with Towing Service Records (TSRs) to the Wrecker Service Unit (WSU) and City departments who utilize the Contractor's services (Fire, Fleet Maintenance, Airport, Parks and Recreation, and Purchasing).

Several occurrences of input errors, billing errors, and missing TSR records were observed during the audit. Additionally, errors were noted with the manual adjustment process that affected data integrity and resulted in double billings. **Exhibit 3** illustrates the current flow of information between several different environments, which results in inefficiencies and data integrity issues.

Exhibit 3

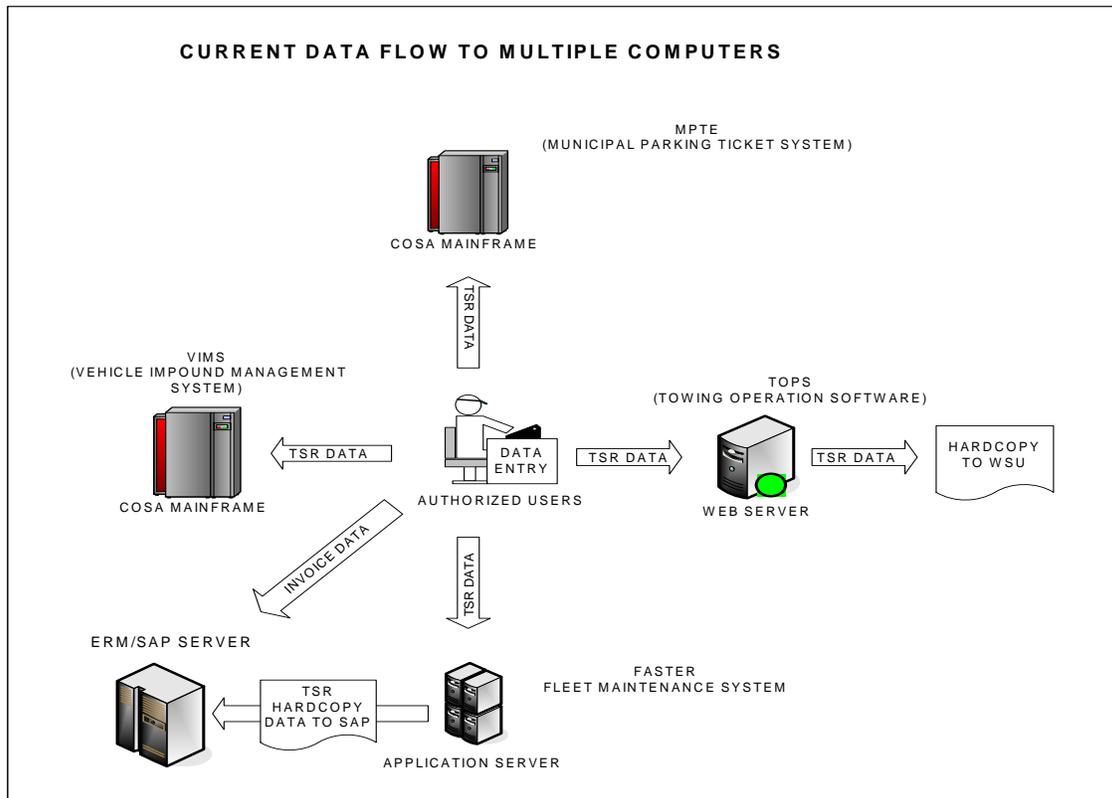
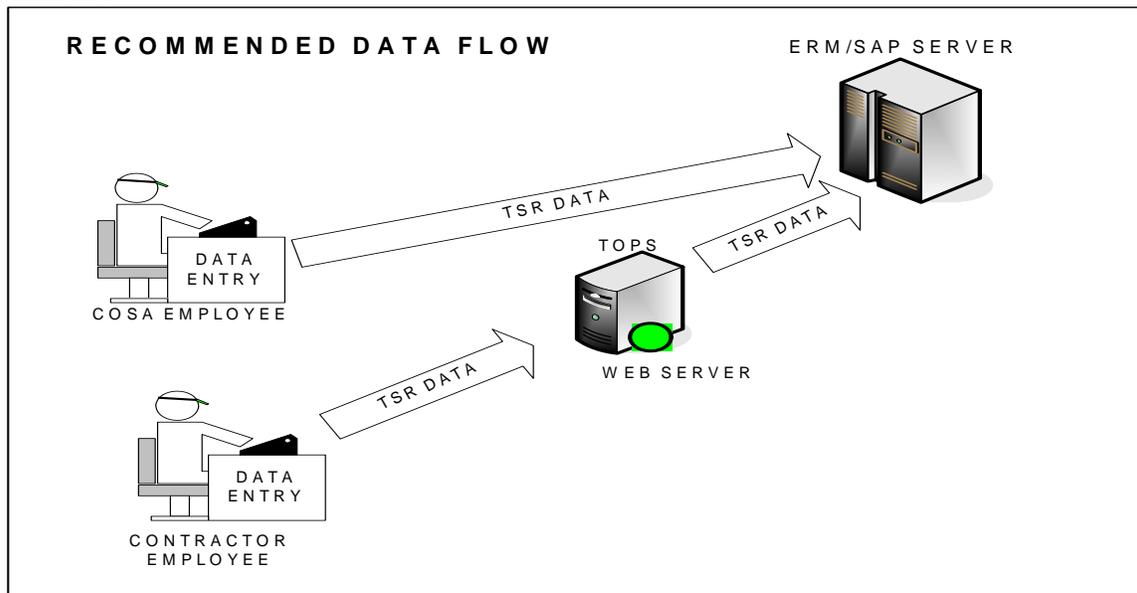


Exhibit 4 below demonstrates the recommended flow of data so the ERM/SAP system can process and reconcile the data electronically.

Exhibit 4



A reconciliation was performed of the revenue reported from these various computer systems to determine the total value of the Contract as of December 31, 2005. Un-reconciled differences ranged from approximately \$18,000 to \$66,000. Some of the variation could be due to timing

differences between the City and the Contractor as payments were not consistently paid or recorded by the City in the period in which the services were performed.

In addition, the WSU is not able to access all of the towing revenue information from these computer systems to: 1) determine if Small Business Economic Development Advocacy Program Goals are met, or 2) validate the Minimum Annual Guarantee or 10 percent of the gross value of the Contract calculation.

Risk

Multiple disparate systems foster data integrity issues and result in inefficient and labor intensive manual processes that are prone to error.

Recommendation

The Police Chief should request that the Information Technology Services Department (ITSD) identify an automated solution that will enable the flow of City and Contractor TSR data to the ERM/SAP system. Until then, TSRs should be reconciled to the Contractor's billing statements, TOPS invoices, and VIMS to identify possible input or billing errors.

B.3 Eliminate Shared VIMS User Accounts

Observation

Computer user accounts are being shared to perform data entry into the VIMS by Contractor's staff. The Contractor currently is assigned three generic computer user accounts that are being shared by multiple individuals.

Risk

Audit trails are lost when user accounts are shared among multiple users.

Recommendation

The Police Chief should immediately request that ITSD convert Contractor shared VIMS user accounts to individual user accounts.

B.4 Improve VIMS Data Controls

Observation

Incomplete and/or incorrect data has been entered into VIMS critical fields by both Contractor and SAPD staff. Audit testing revealed data was being inconsistently entered into various data fields within VIMS. Several instances of consecutive zeros or nines, "UNK", or alpha and numeric characters were noted in the fields designated for TSR numbers. Also, License Number, Towing Number and VIN Number fields contained incomplete, missing, or inconsistent data. Furthermore, it was noted that dates of vehicle entry and release were transposed and erroneous fee information was entered into VIMS.

Risk

Poor input controls reduce data integrity and increase reporting errors.

Recommendation

The Police Chief should request that ITSD evaluate VIMS data input and validation controls. Also, the Police Chief should create and maintain a training guide for valid data input formats and fields.

B.5 Monitor Contractor’s Service Response Requirement

Observation

Currently, there are no procedures in place to capture or monitor the Contractor’s 30-minute arrival contract requirement. Section XVII of the Contract maintains that towing fees are to be reduced by 25 percent for every fifteen minutes the wrecker is late to the scene of an accident, yet no procedures have been established to track performance and assess penalties for late arrivals.

Risk

Delays in response affect public service and the commitment of Police Officer time. Also, the Contractor has no incentive to meet the required response time if penalties are not assessed.

Recommendation

The Police Chief should implement procedures to: 1) track the 30-minute arrival requirement, and 2) reduce towing fees if the requirement isn’t met.

B.6 Monitor Small Business Economic Development Advocacy Participation Goals

Observation

The Contractor is not meeting Small Business Economic Development Advocacy Program (SBEDA) goals. In addition, the WSU was not monitoring the Contractor’s compliance with the SBEDA contract provision.

In its *Request for Proposal (RFP)*, the Contractor submitted a Good Faith Effort Plan (Plan), which became part of the Contract. The Plan listed the following goals relating to the Contractor’s use of minority owned subcontractor and vendor businesses over the Contract period:

- Women Owned Business Enterprises (WBE) 13 percent
- Small Business Enterprises (SBE) 45 percent
- Minority-Owned Business Enterprises (MBE) 32.5 percent
- African American Owned Business Enterprises (AABE) 2.3 percent

Exhibit 5 shows actual payments the Contractor has made to SBEDA businesses from Contract inception through December 31, 2005 (i.e. after 31 months of the 84-month contract, or 37 percent of the contract period).

Exhibit 5

Business Type	Plan’s Total Estimated Payments to SBEDA Businesses	Actual Payments to SBEDA Businesses as of 12/31/05	Percent of Goal Achieved as of 12/31/05
WBE	\$17,500	\$0	0%
SBE	292,500	67,676	23%
MBE	287,000	57,660	20%
AABE	42,000	0	0%
Total	\$639,000	\$125,336	20%

Source: Contractor Semi-Monthly Billing Statements

Risk

The Contractor is not achieving levels of participation in minority owned business in alignment with the Contract and City SBEDA goals.

Recommendation

The Police Chief should consider the impact of noncompliance of Plan goals to the City’s SBEDA participation goals. Going forward, the WSU should continuously monitor the Contractor’s SBEDA goals.

B.7 Monitor Compliance with New Driver Training, Certification and Equipment Requirements

Observation

It is the Contractor's responsibility to ensure that all wrecker drivers have the proper training and certifications, while it is the WSU's responsibility to determine compliance. Areas of non-compliance and inadequate oversight were noted as described below.

- *Contractor training programs and new driver certification requirements were not met:* Section X of the Contract requires that the Contractor provide training for all wrecker drivers and be responsible for documenting and evaluating driver experience, understanding, qualifications, and expertise in all areas of towing and recovery. Complete and current files are to be maintained for all drivers, and certification is required within 120 days after hiring new personnel. The Contractor indicated that several drivers had not been certified within the 120 day requirement and that no 60-day extension had been requested for them.
- *The Hazardous Materials Incident Manager can't prove that all required certifications were obtained.* The Contract requires that all Hazardous Materials Incident Managers maintain the following: 1) an 80-hour hazardous materials technician certification in accordance with OSHA 29 CFR 1910.120, with a minimum of a 10-hour annual refresher, 2) a 40-hour highway transportation specialist certificate, 3) a Weapons of Mass Destruction Technician Certificate, 4) a 24-hour confined space certificate, and 5) a State Certified Emergency Medical Technician Certificate. Two of the required certificates were not on file with the Contractor; the Weapons of Mass Destruction Technician Certificate and the 10-hour annual refresher certificate for the hazardous materials technician. The WSU did not have copies of any certifications on file nor documentation that certifications had ever been monitored.
- *The number of available wrecker drivers on duty on a daily basis is not known.* The Contract requires the Contractor to make available a minimum number of wreckers during certain hours to ensure adequate coverage. If the Contractor does not have the minimum number of wreckers available, the Contract allows a penalty to be imposed equivalent to three tows (at the flat rate) for each wrecker short. In the past, the Contractor provided the WSU a daily list of drivers but has not done so since October or November 2005. The WSU has not followed up to determine why the Contractor stopped this practice.

Risk

The Contractor may not have sufficient or qualified personnel to meet the City's demand for wrecker services, resulting in longer wait times and less available time for SAPD Officers to respond to other calls. Public safety and the environment are also at risk if drivers are not properly trained.

Recommendation

The WSU should implement procedures that include regular monitoring of the Contractor's training and certification records. Penalties should be imposed if the Contractor fails to perform.

Also, the WSU should request that the Contractor provide a copy of the Daily Driver Schedule on a daily basis. The WSU Lieutenant should review and initial the Daily Driver Schedule as proof of compliance. If the required number of drivers is not scheduled, penalties should be imposed according to the Contract.

B.8 Establish Internal Controls Over Towing Service Records

Observation

Towing Service Records (TSRs) are pre-numbered forms used to document tow transactions and are required to support the payment of towing fees to the Contractor. The WSU does not verify the sequence of TSR books to the purchase order when they are delivered from the printer to ensure all forms ordered are received. The books are not entered into a control log, and they are stored in

an unsecured location. WSU staff indicated that on several occasions it was discovered that a sequence of booklets was not included with the shipment.

In addition, TSRs are not always completely filled in by SAPD Officers, Park Police, and Parking Enforcement Officers. The TSR has areas for documenting the Time Ordered, Time Arrived, Time Completed, and Total Time. These times are crucial as they serve to substantiate the impound record. Leaving blank spaces makes the monitoring of the 30-minute response requirement and other data analysis difficult.

Authority to adjust charges should be restricted. Currently, all WSU staff members have VIMS system rights to adjust charges. Staff indicated that this access is required to adjust fees during their review of the TSR and to enter towing charges for HazMat accidents. Access to edit fees in VIMS should be restricted. Those with the ability to initiate (input) fee transactions should not also be able to adjust the fees. There are no procedures in place to monitor or consistently track TSR adjustments, approvals, or reasons for such. Additionally, the Contractor is only notified verbally when fees are adjusted.

Risk

Not adequately safeguarding assets, recording transactions, segregating duties, or monitoring TSR transactions could result in an overpayment to the Contractor, charges not being reported, disputes, or misappropriations.

Recommendation

The WSU Lieutenant should verify the sequence of TSRs upon receipt and record them in a control log. The books should be stored in a locked, secure location. Procedures should be modified to ensure that all information on the TSR is completed and all VIMS users trained on correct data input procedures. Finally, TSR adjustments should be documented and formally communicated to the Contractor.

B.9 Monitor Timely Submission and Coverage Periods of Certificate of Insurance

Observation

The Contractor's insurance coverage was not being monitored nor was there follow up with other City departments to verify that copies had been furnished as required. According to the Contract, copies were to be submitted to the City Clerk at the Contract's inception and the Risk Manager was to periodically review the coverage. The last copy of the Certificate of Insurance on file with the WSU expired in December 2002. The Acting Risk Manager stated on February 24, 2006, that the contracting department is responsible for monitoring insurance coverage and that Risk Management only reviews the coverage during the RFP process. Risk Management was not aware that Contract language implies that the Risk Manager is responsible for reviewing coverage periodically and for notifying the Contractor of necessary coverage increases.

The Contractor is also required to provide the WSU with a list of HazMat service providers along with proof of insurance. The WSU did not have any HazMat service provider insurance information on file.

Risk

Inadequate insurance coverage could result in liability to the City for Contractor accidents and damages.

Recommendation

The Police Chief should request the Contractor to immediately provide copies of insurance certificates. WSU staff should establish a tickler file and checklist that will help them monitor submission of certificates for each coverage period. The WSU should ensure that copies are on file with all applicable City departments and request that the City's Risk Manager annually review the Contractor's coverage for adequacy.

B.10 Submit Audited Financial Statements to the City

Observation

The Contract requires the Contractor to submit audited financial statements to the City for each year of the Contract. However, they have not been provided. The Contractor indicated that it was too expensive to have an audit performed.

Our review of unaudited financial statements submitted to the City along with past Request for Proposals (RFP) for calendar years 2001 through 2003 and fiscal years 2004 through 2005 showed that the statements reflected "pre-closing" totals and not actual operating results. Accordingly, this is not in accordance with Generally Accepted Accounting Principles.

Risk

The City does not have reliable financial information to ascertain the Contractor's financial strength.

Recommendation

The Police Chief should request that the Contractor produce audited financial statements for each of the Contract's fiscal years or re-negotiate this Contract term.

B.11 Improve Wrecker Inspection Processes and Documentation

Observation

The current wrecker inspection process needs improvement. The following concerns were noted:

- WSU documentation of heavy-duty wrecker inspections is incomplete. While observing a heavy-duty wrecker inspection, the Auditor noted that the inspection was not thorough. During the inspection of the wrecker's steel cables, the inspector only looked at a small exposed portion of the cable rather than the entire cable.
- The last inspection date of the Contractor's wreckers is not being tracked by the WSU to ensure all equipment has been inspected and passed in accordance to Section VIII, Subsection CC of the Contract.
- SAPD Form 17-WI is used to document the inspection by the WSU Transportation Inspector. Wrecker items needing repair or replacement are documented on the inspection form and verbally communicated to the driver. However, the driver is not required to sign the form acknowledging failed inspection observations and no copy of the form is provided to the driver or Contractor.
- No formal records are maintained to track Contractor repairs made in response to failed inspection observations.

Risk

Wrecker equipment may not be safe, which creates unnecessary risks to citizens and liability for the City and the Contractor.

Recommendation

The Police Chief should perform the following: 1) require the WSU to perform thorough wrecker inspections, 2) require the wrecker driver to sign SAPD Form 17-WI acknowledging the inspection and any failed items, 3) forward a copy of Form 17-WI to the Contractor, 4) prepare an annual master listing of all inspected equipment and deficiencies, and 5) update SOP 217 to include these new procedures,

Attachment A

Risk Management Capability Matrix

In performing this audit, the process risk management capabilities were considered for purposes of determining key risks to the City. Below is the process audit matrix organized by the five recognized capability maturity/development stages. Most entities achieve at least the managed stage while fewer achieve the optimized stage for mature processes.

Process Capabilities

Stage	Procedures	Controls and Process Improvements	Metrics
Ad Hoc	No formal <i>procedures</i> exist.	<i>Controls</i> are either non-existent, or are primarily reactionary after a "surprise" within the company.	There are no <i>metrics</i> or monitoring of performance.
Repeatable	Some standard <i>procedures</i> exist.	Detective <i>controls</i> are relied upon throughout the company.	Few performance <i>metrics</i> exist, thus there is infrequent monitoring of performance.
Defined	<i>Procedures</i> are well documented, but are not regularly updated to reflect changing business needs.	Both preventive and detective <i>controls</i> are employed throughout the company.	Some <i>metrics</i> are used, but monitoring of performance is primarily manual.
Managed	<i>Procedures</i> and <i>controls</i> are well documented and kept current.	Best practices and benchmarking are used to <i>improve</i> process in certain areas of the company.	Many <i>metrics</i> are used, with a blend of automated and manual monitoring of performance.
Optimized	<i>Processes</i> and <i>controls</i> are continuously reviewed and <i>improved</i> .	Extensive use of best practices and benchmarking throughout the company helps to continuously <i>improve</i> processes.	Comprehensive, defined performance <i>metrics</i> exist, with extensive automated monitoring of performance employed.

Metrics provide a means for measuring how well a control or process is performing.
Source: 2004 Auditor's Risk Management Guide, CCH Incorporated, 2004. Paul J. Sobel, CPA, CIA



CITY OF SAN ANTONIO

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Interim City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Compliance Audit of the Wrecker Services Contract

City Management and the San Antonio Police Department (SAPD) have reviewed the audit report for the Compliance Audit of the Wrecker Services Contract and herein is a Corrective Action Plan for the recommendations. Having an objective review of this business unit has resulted in better information for Management to develop operating strategies for the future that will improve the facility's financial potential for the City.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
<u>Detailed Report</u>					
A	Contract Language:				
A.1	Clarify General Contract Language The Police Chief should work with the Contractor and City Attorney to amend the Contract to address the issues noted. Furthermore, the Police Chief should strictly hold the Contractor to all Contract terms and impose contractual penalties for non-compliance.	5	Accept	Deputy Chief Geraldine Garcia	12-01-06

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
Action plan:					
A.1.					
<ol style="list-style-type: none"> 1. In order to address "loss-sharing" for uncollected fees, it will require the re-opening of the Texas Towing Contract. Buddy Ford, the owner of Texas Towing, had previously stated that he has no intention of re-opening the contract. His approval is required in order to re-negotiate the terms of the contract. The only other option for the City would be to seek to void the contract through legal action. In December 2006 Mr. Buddy Ford was contacted and has indicated he might consider reopening the contract if he benefits from the re-negotiations. Staff will consult with legal. 2. Ambiguity in the contract regarding the Contract's value was something that could have been rectified prior to the contract being signed. The contract was approved by the City in 2003, and the Contractor had repeatedly stated that he was unwilling to reopen the contract. The Contractor has now indicated that he might be willing to re-negotiate. Staff will consult with legal. 3. A copy of the Texas Towing Contract will be forwarded to Risk Management and the City Clerks Office, in order that they may become aware of their obligations under the contract, and in order that they might fulfill their responsibilities. 4. At this time it does not appear anything can be arranged in the current contract regarding the lack of significant penalty clauses in the contract for poor performance. In order to address the recommendation to impose penalties or address this issue the contract must be re-opened. The Contractor has indicated he might consider re-negotiation of the current contract. Staff will consult with legal. 5. The restrictive insurance requirements for subcontractors that are found in the Contract were negotiated in and agreed to by both parties. Changing such requirements requires re-opening the Contract, which might be possible if the Contractor is open to re-negotiation. Staff will consult with legal. 6. The Contractor's fiduciary responsibility for collecting parking fines has been identified as not being clearly addressed in the contract. Adding or clarifying responsibilities involves changing the language within the Contract. The Contractor may be open to re-negotiation. Staff will consult with legal. 7. The Contract does not require billing reports to be submitted to the VSU that includes all tows under the Contract (City-vehicle tows). In order to change the terms, responsibilities and requirements under the contract the Contractor must be willing to re-open the contract. The contractor may re-negotiate. Staff will consult with legal. 8. The Contract does not require the Contractor to segregate revenue and expense data related to City business from other business enterprises for reporting and analysis. In order to change the requirements the Contractor, must re-open the Contract for re-negotiation. The Contractor may be open to re-negotiation. Staff will consult with legal. 9. The Contract lacks provisions for establishing proper electronic communication channels between the Contractor and the City. Professional and prompt communication has always existed between the Contractor and the City. There have been no complaints from VSU office in regards to this area. Adding provisions to the contract to establish specific communication channels requires changing or amending the language of the contract. The Contractor may be open to re-negotiation. Staff will consult with legal. <p>In summary, the provisions listed in A-1 will require re-opening the contract. In December 2006, the Contractor (Buddy Ford) has indicated that he may consider renegotiating the contract if he receives certain concessions. If the City is interested in renegotiating, it is recommended that the Finance office, the City Attorneys office and the City Auditors office, meet with the contractor to negotiate the listed recommendations or establish a Memorandum of Understanding for the remaining contract term.</p>					

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A.2	<p>Define and Price Hazardous Materials Clean-up Services</p> <p>The Police Chief should work with the City Attorney's Office, the WSU staff, and the Contractor to define and revise the Contract pricing language so that it sufficiently addresses all aspects of the clean-up service with fair pricing.</p> <p>Action plan:</p> <ol style="list-style-type: none"> 1. Hazardous material clean-ups require special equipment for clean-up, beyond that which is normally used for cleaning up debris at an accident that does not involve hazardous materials. The VSU considers the 15% markup on all 18-wheeler hazardous material clean-ups to be proper and contractual. Attachment IV (IIQ) of the Contract addresses the markup. A copy of this audit response will be forwarded to the City Attorneys office for their review. If the contract is indeed reopened, clarifying language may be included to satisfy City Audit's recommendation on pricing language. 2. The audit references a comment by the Contractor's Heavy Equipment Operator that is contradictory to the VSU definition of what constitutes hazardous materials. The mixing of different fluids can have catastrophic consequences. Diesel Fuel and plaquered cargo do not represent the only hazardous materials. The "Emergency Response Guidebook" contains approximately 400 pages, and is devoted to response measures for thousands of different chemicals. In summary, the VSU definition is correct. Any spill other than water (universal solvent), must receive analysis and specialized cleanup to prevent or contain hazardous conditions and/or contamination. If the contract is reopened, the city representative may be able to insert clarifying language that would satisfy the audits recommendation. 3. A more detailed "pricing schedule" may be added to the contract if the contract is re-opened. <p>The contractor stated that the charges for clean-up never exceed what is provided for in the Contract. He acknowledges that some of the subcontractors give him a discount for allowing them to do the work, but his final price (Texas Towing's bill) for any aspect of the clean-up is never more than the maximum that the Contract allows. This recommendation will be forwarded to the City Attorneys office for review.</p>	6	Accept	Deputy Chief Geraldine Garcia	12-01-06
A.3	<p>Evaluate the City's Commission Calculation</p> <p>The Police Chief should work with the City Attorney's Office and City Manager to evaluate and define how the City's commission is determined and, together with the Contractor, define the gross value of the Contract. The evaluation should consider increases in levels of service, costs, and expected return.</p> <p>Action plan:</p> <ol style="list-style-type: none"> 1. The VSU currently monitors the revenue generated under the Wrecker Services Contract, to ensure the City receives its maximum commission. Prior to the audit VSU staff recalculated what was owed to the City going back to the beginning date of the contract. The City collected what was owed from previous years and has been current for several years. Revenues owed to the City was deducted from amounts due to Texas Towing (from the City), to satisfy their financial obligation to the City. 2. Clarifying terminology may be added to the language (defining gross value for example) to satisfy the audits recommendation if the contract is re-opened. 3. Clarifying language with regards to all contractual calculations (including City-owned vehicle tow fees for example), may be added to the contract if re-opened. 	7	Accept	Deputy Chief Geraldine Garcia	12-01-06

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
B Internal Controls:					
B.1	Improve Contract Administration Plan Procedures The Police Chief should ensure that a thorough and comprehensive Contract Administration Plan is put in place as soon as possible. The Plan should contain specific procedures and measures for adequately monitoring and evaluating Contractor performance. Staff should be trained and given the necessary tools to monitor all Contract requirements and evaluate performance.	8	Accept	Deputy Chief Geraldine Garcia	12-01-06
Action plan:					
1. The audit recommended a thorough contract administration plan to examine: <ul style="list-style-type: none"> ➢ Monitoring of Performance Bond and Insurance filing requirements ➢ Contractor not meeting Small Business Economic Development Advocacy goals ➢ Subcontractor certification requirements not being met ➢ Audited financial statements not being submitted by Contractor ➢ Wrecker driver training and certifications not being reviewed ➢ On-duty wrecker drivers list not being submitted or reviewed A "Contract Administration Plan" has been implemented that will provide monitoring and administrative guidance by the WSU. If the contract is reopened, penalties to encourage compliance can be addressed.					
B.2	Leverage Contractor's Data with the City's Technology The Police Chief should request that the Information Technology Services Department (ITSD) identify an automated solution that will enable the flow of City and Contractor TSR data to the ERM/SAP system. Until then, TSRs should be reconciled to the Contractor's billing statements, TOPS invoices, and VIMS to identify possible input or billing errors.	10	Accept	Deputy Chief Geraldine Garcia	12-01-06
Action plan:					
The audit disapproved of the Vehicle Impound Management System (VIMS), Municipal Parking Ticket System (MPTE), FASTER, ERM/SAP, and the Towing Operations Software (TOPS) programs lack of ability to interface to efficiently process needed information electronically. Staff has met with ITSD on several occasions throughout 2006 to discuss the interfacing of these systems. ITSD has stated that this can probably be done, though they are not certain of how. The possibility of privatization of the VSU will need to be determined prior to establishing a connective system. The privatization of the WSU will determine to some degree, how the system will be set up. If the contract is re-opened for re-negotiation, this issue can be addressed, along with clear directions of who will have access to programs and to what degree. TSR's (towing receipts) are currently reconciled on an Excel program. The data from each receipt is entered into the computer. The program identifies missing receipts, WSU staff contacts the Contractor. All TSR's are reviewed by WSU staff, to identify input or billing errors. When errors are discovered, the Contractor is notified, and the bill is amended.					

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
B.3	<p>Eliminate Shared VIMS User Accounts The Police Chief should immediately request that ITSD convert Contractor shared VIMS user accounts to individual user accounts.</p> <p>Action plan: The Contractor uses three generic computer user accounts in order to gain access to the VIMS system. A copy of this audit will be sent to ITSD, to determine the cost of implementing individual user account systems.</p>	10	Accept	Deputy Chief Geraldine Garcia	12-01-06
B.4	<p>Improve VIMS Data Controls The Police Chief should request that ITSD evaluate VIMS data input and validation controls. Also, the Police Chief should create and maintain a training guide for valid data input formats and fields.</p> <p>Action plan: The audit identifies poor controls that reduce data integrity and increase reporting errors. The audit suggests ITSD evaluate VIMS data input and validation controls. This will be forwarded to ITSD for a cost estimate for creating recommended controls.</p>	10	Accept	Deputy Chief Geraldine Garcia	12-01-06
B.5	<p>Monitor Contractor's Service Response Requirement The Police Chief should implement procedures to track the 30-minute arrival requirement, and reduce towing fees if the requirement is not met.</p> <p>Action plan: The audit recognized no procedures to track the 30-minute arrival requirement for wreckers. This has not been a significant problem. ITSD will be contacted for a price estimate to establish a program to monitor the 30-minute arrival contract requirement. Current staffing levels do not allow monitoring this activity. Additional staffing will be considered. WSU is in continuous contact with police officers and with the exception of inclement weather wait times have not been identified as a significant problem.</p>	11	Accept	Deputy Chief Geraldine Garcia	12-01-06
B.6	<p>Monitor Small Business Economic Development Advocacy Participation Goals The Police Chief should consider the impact of noncompliance of Plan goals to the City's SBEDA participation goals. Going forward, the WSU should continuously monitor the Contractor's SBEDA goals.</p> <p>Action plan: The Contractor is not achieving levels of participation in minority owned businesses, in alignment with the Contract and City SBEDA goals. A copy of this response will be forwarded to the City Attorneys office to explore possible legal remedies, to encourage the Contractor to comply with the Contract. If the contract is re-opened for re-negotiation, contractual language can be amended to promote compliance. Current staffing levels at the WSU do not allow for monitoring of SBEDA participation goals. The Contractor has submitted supporting documentation to show his strong efforts to comply with SBEDA goals. The contractor's response to SBEDA goals will be sent to Economic Development who oversees compliance.</p>	12	Accept	Deputy Chief Geraldine Garcia	12-01-06

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
B.7	<p>Monitor Compliance with New Driver Training, Certification and Equipment Requirements</p> <p>The WSU should implement procedures that include regular monitoring of the Contractor's training and certification records. Penalties should be imposed if the Contractor fails to perform.</p> <p>Also, the WSU should request that the Contractor provide a copy of the Daily Driver Schedule on a daily basis. The WSU Lieutenant should review and initial the Daily Driver Schedule as proof of compliance. If the required number of drivers is not scheduled, penalties should be imposed according to the Contract.</p> <p>Action plan: The audit identified the following areas of non-compliance or inadequate oversight on the part of the Contractor:</p> <ul style="list-style-type: none"> ➤ Contractor training programs and new driver certification requirements were not met ➤ The Hazardous Materials Incident Manager can't prove that all required certifications were obtained. ➤ The number of available wrecker drivers on duty on a daily basis is unknown. <p>The lack of oversight identified above is largely a result of limited staffing. Additional staffing will be acquired to satisfy the audit recommendation on oversight. The audit suggests a change in contract language to impose penalties upon the Contractor if he fails to perform, with regards to the above mentioned issues. If the contract is re-opened this could be addressed through amendment.</p>	12	Accept	Deputy Chief Geraldine Garcia	12-01-06
B.8	<p>Establish Internal Controls Over Towing Service Records</p> <p>The WSU Lieutenant should verify the sequence of TSRs upon receipt and record them in a control log. The books should be stored in a locked, secure location. Procedures should be modified to ensure that all information on the TSR is completed and all VIMS users trained on correct data input procedures. Finally, TSR adjustments should be documented and formally communicated to the Contractor.</p> <p>Action plan: The audit identified a problem with the TSR books, via their verification sequence. This problem has already been addressed. All TSR's are currently logged into an Excel program. The TSR books are stored in a locked and secured area. They are also logged. The Unit SOP's have been modified to account for these changes. The Contractor is notified "verbally" of any changes to the TSR's (a dolly charge that is removed from the bill for example). Staffing levels are not sufficient to provide written documentation to the Contractor for all transactions. The Contractor has stated he does not desire written notification and that verbal notification is sufficient.</p> <p>The audit identified concerns over adjustments to TSR's. A list of all adjustments is run daily, and a copy of each adjustment transaction document, including a supervisors approving signature, accompanies the list. These records are grouped and filed for future reference. This provides a control measure and insures no unauthorized adjustments occur. Any problem would be immediately identified when the daily comprehensive list is generated and verified against each individually signed and approved transaction.</p>	13	Accept	Deputy Chief Geraldine Garcia	12-01-06

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
B.9	<p>Monitor Timely Submission and Coverage Periods of Certificate of Insurance</p> <p>The Police Chief should request the Contractor to immediately provide copies of insurance certificates. WSU staff should establish a tickler file and checklist that will help them monitor submission of certificates for each coverage period. The WSU should ensure that copies are on file with all applicable City departments and request that the City's Risk Manager annually review the Contractor's coverage for adequacy.</p> <p>Action plan: The Contractor's insurance certificates are currently kept on file with the WSU. The insurance requirements are specified by the Contract. Copies of the coverage are supplied to the City Clerks Office and to City Risk Management. A copy of this response report will be forwarded to those two (2) City offices, in order that they may become aware of the audits recommendation that they annually review the Contractor's coverage for adequacy.</p>	14	Accept	Deputy Chief Geraldine Garcia	12-01-06
B.10	<p>Submit Audited Financial Statements to the City</p> <p>The Police Chief should request that the Contractor produce audited financial statements for each of the Contract's fiscal years or re-negotiate this Contract term.</p> <p>Action plan: The Contractor has failed to submit audited financial statements to the City for each year of the Contract. The Contractor stated that this is too costly. The audit recognized that the City does not have reliable financial information to ascertain the Contractor's financial strength. The Contractor has expressed concerns over releasing financial information, which is guarded information that he does want to be known to his competition. This matter will forwarded to the City Attorneys office for review and to answer how that information will be protected in order to guard the Contractor's business interests.</p>	14	Accept	Deputy Chief Geraldine Garcia	12-01-06

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
B.11	<p>Improve Wrecker Inspection Processes and Documentation</p> <p>The Police Chief should perform the following: 1) require the WSU to perform thorough wrecker inspections, 2) require the wrecker driver to sign SAPD Form 17-WI acknowledging the inspection and any failed items, 3) forward a copy of Form 17-WI to the Contractor, 4) prepare an annual master listing of all inspected equipment and deficiencies, and 5) update SOP 217 to include these new procedures.</p> <p>Action plan:</p> <p>The audit identified areas of the wrecker inspection process that need improvement:</p> <ul style="list-style-type: none"> ➤ WSU documentation of wrecker inspections are incomplete (not thorough enough) ➤ Failure to track the Contractor's fleet inspection dates ➤ Failure to get the wrecker inspection form (17-WI) signed by the wrecker driver, along with a copy of the inspection form being given to the driver. ➤ No formal records maintained to track Contractor repairs in response to failed inspections <p>The WSU currently performs wrecker inspections, and requires the wrecker driver to sign the inspection form. Staff has been instructed to verify all inspection forms are properly signed by the driver. Follow-up inspections are performed to assure that deficiencies are corrected. A master list is unnecessary, as failure by a wrecker driver to correct any problems results in direct contact between WSU staff and the Contractor, to assure that the problem is corrected. All inspection paperwork is placed in a file and is easily accessible. Most problems are immediately addressed, and if they are not addressed promptly (verified by follow-up inspection), the truck is not allowed into service. Compliance by the Contractor has been prompt and willing. The Contractor uses new trucks and new equipment, so there are few equipment deficiencies. The Contractor has done a good job regarding vehicle maintenance, to assure the safety of the public as well as that of his own drivers. Unit SOP 217 adequately covers the inspection of wreckers and equipment, and the WSU has had no problems with regards to compliance by the Contractor in this area. Inspection procedures have been address in the units Standard Operating Procedures.</p>	15	Accept	Deputy Chief Geraldine Garcia	12-01-06

SAPD appreciates the City Auditor's comments on the Wrecker Services Contract. SAPD is committed to addressing the recommendations in the audit report and the plan of action presented.

Sincerely,


 William P. McManus
 Chief of Police