



CITY OF SAN ANTONIO

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February 17, 2011

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Mayor and Council Members:

**SUBJECT: San Antonio Police Department, Municipal Wrecker Services Contracts
Audit Report**

We are pleased to send you the audit report of the San Antonio Police Department. This audit began in June 2010 and concluded with an exit meeting with department management in January 2011. Management's verbatim response is included in Appendix D of the report. The San Antonio Police Department should be commended for its cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin W. Barthold'.

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

Distribution:

Sheryl L. Sculley, City Manager
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CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of Municipal Wrecker Service Contracts

San Antonio Police Department

Project No. AU10-015
February 17, 2011

Executive Summary

As part of the annual Audit Plan approved by City Council, we conducted an audit of the four wrecker service (towing) contracts managed by the San Antonio Police Department (SAPD). The audit objectives, conclusions, and recommendations follow:

1) Are towing companies complying with contract requirements?

Yes. Overall, towing companies complied with contract requirements. In most cases, companies met the 30-minute response criteria 98 percent of the time. In addition to assessing violation fees when companies did not meet the criteria, SAPD suspended two companies for a 21-day period. Since the suspensions, the companies have consistently met the 30-minute response criteria 98 or 99 percent of the time.

However, the four towing companies can improve their compliance with certain contract requirements. Specifically, the companies used unauthorized/unlicensed towing drivers and uninspected tow trucks. Unauthorized drivers were those individuals who performed towing operations without obtaining background investigations and City approval; unlicensed drivers were those individuals without a current Incident Management license issued by the Texas Department of Licensing and Regulations. Lastly, two companies did not provide documentation supporting all required insurance coverage.

To improve the towing companies' contract compliance, we recommend the SAPD Police Chief:

- Report significant contract violations, such as the use of unauthorized drivers and uninspected towing vehicles, to the City Council Public Safety Committee for information purposes. Document significant contract violations and add additional appropriate penalties to the contract during the renewal process.
- Coordinate with the Risk Management Office (within the City of San Antonio Human Resources Department) to ensure that insurance coverage types and amounts comply with contract terms. Additionally, revise the contract administration plan to clearly define the roles of SAPD and the Risk Management Office.

2) Does SAPD adequately monitor contract performance?

SAPD can improve monitoring of contract performance. SAPD did not conduct a sufficient number of tow truck inspections to ensure towing companies complied with contract requirements. In addition, SAPD personnel did not document results of violation appeals or details of regular monthly meetings with the four towing companies. Monitoring the collection status of amounts due from towing companies and securing cash and other negotiable instruments require

improvement. Lastly, SAPD twice requested a written legal opinion from the City Attorney's Office that was needed to provide specific legal support for decisions made regarding the use of tow truck drivers with alleged criminal backgrounds. As of this date, the City Attorney's Office has not provided its written opinion/advice to SAPD to use as a basis for similar future contract decisions.

We did note significant improvements since the prior towing contract audit, Audit Report AU06-001, SAPD Wrecker Services Contract Compliance Audit, dated March 30, 2007. For better contract focus, SAPD issued policies and procedures for weekly (rather than monthly) reporting of violations, processing of initial and final appeals, and calculating compliance with the 30-minute response criteria. In addition, SAPD routinely provided the City Manager and City Council Public Safety Committee with appropriate contract performance data for the towing companies.

We recommend the SAPD Police Chief:

- Develop and implement towing services contract-monitoring procedures that require SAPD to conduct and document a specified number of tow truck driver/vehicle inspections each month.
- Conduct a second level review of all 30-minute violation appeal approvals/denials to validate appeal decisions and retain all documentation needed to support the decisions.
- Document and retain the results of regular monthly towing company meetings. For those meetings addressing policies and procedures, document notification to the four towing companies.
- Improve collection procedures in accordance with Administrative Directive 8-4, *Financial Management for Accounts Receivable*, for amounts due from towing companies for contract violations.
- Prior to taking action based on verbal legal advice, request and receive a written legal opinion when the City Attorney's Office advice is relied upon for contract related decisions. If necessary, elevate to the City Attorney for resolution.

Other Matters

During the audit, we also identified two issues we believe warrant City Management/City Council attention:

a. No-Cost Tows. The towing contract stipulates all city vehicle tows are at no cost to the City. As discussed with the City Council in October 2008, "The intent is for a disabled vehicle that can't safely operate on the road or can't operate at all would be towed." The City reiterated this intent in a June 11, 2009 letter to Texas Towing that stated, "While the Agreement itself makes no distinction between "movable" and "non-movable" vehicles, the city agrees that

the purpose of the provision is to provide tow services to non-movable vehicles.” However, City departments request no-cost tows even though the vehicles are drivable and not considered public safety hazards. For example, even though two sets of car keys were on hand, one City department had a towing company tow a new City vehicle to a dealership to have a third set of keys made. The current use of towing companies to provide no-cost tows for drivable vehicles not affecting public safety may be beyond the intent outlined to the City Council.

b. Towing Companies’ Audited Financial Statements. Prior to the audit, in April 2010, SAPD requested, within the authority of the contracts, towing companies provide audited financial statements. While the contract gave the companies 20 days to provide the statements, as of January 6, 2011, two companies had not provided the requested statements. More significantly, the City did not evaluate each company’s financial stability during the initial source selection in late 2008. Periodic evaluation of their financial stability is essential to protect the City’s interests.

Management’s verbatim response to our recommendations is included at **Appendix D** on page 13.

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Background

During 2008, the City of San Antonio contracted with four towing companies (Allied Towing, Inc; Associated Transportation Services, LLC; Assured Towing, Inc; and TxTow Corporation) to provide citywide towing services.

Contract Requirements. The contracts' primary focus is public safety. In addition to the administrative requirements established in the contracts, the four towing companies are required to: a) arrive at accident scenes within 30 minutes of SAPD notification at least 98 percent of the time, b) provide properly Texas Department of Licensing and Regulation (TDLR)-licensed and SAPD-badged tow truck drivers, and c) use properly maintained and insured tow trucks.

Responsibilities. SAPD is responsible for monitoring the four companies' contract compliance. To meet its responsibilities, SAPD developed a contract administration plan outlining procedures to monitor compliance with contract requirements and regularly meets with the companies each month to discuss current safety and operational towing issues. Additionally, the Risk Management Office coordinates closely with SAPD to assist in validating towing companies maintain the required insurance coverage.

The City receives funds from the towing companies in three ways. First, as consideration for the right to provide towing services for the City, the four companies pay the City a \$6 commission for each tow. Each month SAPD calculates the amounts due and invoices the towing companies. Second, each month SAPD invoices the companies for any fees assessed for contract violations. For example, each time a tow truck driver does not meet the 30-minute response time, SAPD assesses the company \$50. During the period September 2009 through August 2010, the City received \$270,910 and \$57,160 for commissions and contract violation assessments, respectively. Lastly, the City levies a \$15 annual badging fee for each tow truck driver operating under the City contracts.

Appendix A shows the October 2009 – August 2010 30-minute response-time performance ratings for the four towing companies. Appendix B quantifies October 2009 – August 2010 monthly tows for the same four companies.

Audit Scope and Methodology

The audit scope included selected aspects of contract compliance and SAPD management of the four towing service agreements. Additionally,

- We interviewed SAPD personnel to obtain an understanding of the towing services contracts as well as methods used to monitor contract compliance and performance.

Audit of Municipal Wrecker Service Contracts

- We then verified the methods used to monitor contract compliance and performance.
- We reviewed relevant documentation, such as contracts, City ordinances and administrative directives, and departmental policies and procedures.
- We attended monthly SAPD meetings held with the tow service companies and monthly City Council Public Safety Committee meetings.
- We reviewed source documents that included towing service records, response time reporting records, invoices, driver background investigations, and tow truck vehicle inspection documentation.
- Except as noted, we evaluated towing company contract compliance/performance and SAPD contract monitoring actions for the period October 2009 through April 2010.

To meet audit objectives, we performed the following audit test work:

Towing Company Contract Compliance

- To determine the accuracy of towing company self-reported data, we judgmentally selected and analyzed approximately one week (in each month) of data submitted in January and April 2010 by the towing companies.
- To determine whether companies obtained tow truck inspections prior to using the vehicles in support of contract operations, we reconciled company master equipment listings with SAPD inspection documentation.
- We verified the reporting accuracy of 30-minute response time and related 98 percent monthly contract requirements.

SAPD Contract Monitoring

- For TDLR license and Texas Sex Offender Registry information, we queried the applicable State of Texas databases using a current (July 2010) list of all tow truck drivers.
- In coordination with the Risk Management Office, we evaluated types and levels of insurance coverage and validated insurance coverage was still current as of July 2010.
- We reconciled cash handling procedures (as of July 2010) with City Administrative Directive 8.1, *Cash Handling*, and documented the amount of cash and other instruments on hand.
- We reconciled each month's company payments with invoice and deposit documentation. We also reconciled monthly City payments to wrecker service companies with company billing data.
- We evaluated all documentation and narrative data (March-April 2010) related to violation appeals and subsequent appeal determinations made by SAPD.

Audit of Municipal Wrecker Service Contracts

We relied on computer-processed data in the City's accounting system to analyze monthly invoicing and billing. Specifically, we used the transactions "Customer Line Item" and "Vendor Line Item" to test the above items. We performed direct tests of the data rather than evaluate the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this audit from May to October 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate information to provide a reasonable basis for the results based on the audit objectives. We believe that the information obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

Audit Results and Recommendations

A. Towing Company Contract Compliance

A.1 Use of Unauthorized Drivers and Uninspected Tow Trucks

Two towing companies used, in violation of contract requirements, unauthorized drivers and uninspected tow trucks in support of city towing operations.

- Unauthorized Drivers. Two companies did not request background investigations for nine drivers they used during the period March – June 2010 in support of the City towing services contracts. As a public safety issue, this investigative process by SAPD includes fingerprinting, a sex-offender database query, and a background investigation, culminating in SAPD issuing a City badge. This process also is a prerequisite for working under the towing contracts and provides assurance individuals with criminal backgrounds are identified. As a precaution, we researched and found none of the nine drivers listed in the Texas Public Sex Offender Registry.
- Uninspected Vehicles. Our reconciliation of SAPD-conducted inspections with tow company master equipment listings of vehicles used to support the towing contracts disclosed towing companies used 11 of 68 vehicles without first requesting and obtaining a SAPD inspection. The inspection process is necessary to ensure tow trucks are in good working condition and are properly equipped, to include warning alarms, flares, and two-way radio equipment.

The contract does not include specific monetary penalties for the use of unauthorized drivers and uninspected tow trucks. The only option available under the contract is for the City to suspend a company. However, another option available but not taken was for SAPD to increase City management's awareness of the violations by elevating the issues to City Executive Leadership and the City Council Public Safety Committee.

A.2 Unlicensed Drivers

One towing company, in violation of the contract, used an unlicensed driver to conduct towing operations. Specifically, after the driver's TDLR-issued Incident Management license expired in April 2010, the towing company continued to dispatch the driver until July 2010 when we reported the contract violation to SAPD. As a result, the company was assessed \$25 for each unlicensed tow and submitted over \$6,500 to the City. More importantly, the company's use of an unlicensed driver significantly increases the City's potential liability. SAPD personnel had not identified this driver because they only verified tow truck drivers had a valid TDLR license when they issued City badges. Because our audit evaluated TDLR driver's license expiration dates only through April 2010, SAPD subsequently conducted an analysis of all drivers with TDLR licenses

expiring May-July 2010, identifying one additional unlicensed driver, and assessed the company \$1,375. During the audit, SAPD changed its badging process and, to verify drivers maintained current TDLR licenses, aligned City badge renewal dates with State of Texas Incident Management License renewal dates. Consequently, we made no recommendation for this issue.

A.3 Insurance coverage

SAPD, in coordination with the City's Risk Management Office, did not periodically evaluate insurance coverage for the four towing companies to ensure the types and levels of coverage met amounts required by the contracts. Based on our request, the Risk Management Office evaluated insurance coverage documentation submitted by the four towing companies and identified several deficiencies, including the lack of worker's compensation coverage. Neither SAPD nor the Risk Management Office identified these deficiencies because they did not actively monitor insurance coverage, and the contract administration plan developed by SAPD to monitor contract compliance did not specifically identify the office with primary responsibility for monitoring insurance coverage. Inadequate insurance coverage could result in liability to the City for towing service accidents or damage. After identification of the deficiencies, SAPD requested and the four companies provided documentation showing they maintained sufficient coverage. We identified the lack of insurance coverage verification in our previous wrecker services contract audit, Audit Report AU06-001, SAPD Wrecker Services Contract Compliance Audit, issued March 30, 2007.

Recommendations: The SAPD Police Chief should:

A.1 Report significant contract violations, such as use of unauthorized drivers and uninspected towing vehicles, to the City Council Public Safety Committee for information purposes. Document significant contract violations and add additional appropriate penalties to the contract during the renewal process.

A.2 None

A.3 Coordinate with the Risk Management Office to ensure that towing service companies' insurance coverage types and amounts comply with contract terms. Additionally, revise the contract administration plan to clearly define the roles of SAPD and the Risk Management Office.

B. SAPD Contract Monitoring

B.1 Random Towing Service Vehicle Inspections

SAPD did not conduct a sufficient number of inspections of tow trucks to ensure companies complied with contract requirements. Our analysis of vehicle inspections conducted during October 2009 through April 2010 disclosed SAPD documented only 20 inspections out of over 30,000 tows. In addition, there was no documentation showing inspections were performed during January or March

2010. According to SAPD inspectors, only inspections identifying deficiencies were documented. This disclosure is consistent with documents we reviewed. SAPD personnel had not developed monitoring and documenting procedures to ensure SAPD inspectors performed a specified number of inspections of tow trucks each month. Because of this audit, SAPD implemented a new process in July 2010 requiring SAPD inspectors document all inspections including those with no identified deficiencies.

B.2 30-Minute Response Violation Appeal Documentation

SAPD did not maintain documentation used to support results of 30-minute response violation appeals. Specifically, our analysis of all violation appeal reviews made in March-April 2010 disclosed required documentation was not maintained for 82 of 446 (18 percent) appeal decisions. Support documentation was completely missing for 41 decisions; the remaining decisions were missing individual documents, such as Global Positioning System (GPS) data indicating time and location of the tow truck, towing service records, and Ground Transportation Unit (GTU) printouts. This occurred because SAPD did not conduct a second-level review of violation appeal determinations. Without the documentation, SAPD has no assurance its personnel made the correct violation appeal conclusions.

B.3 Monthly Towing Service Company Meetings

SAPD did not document the results of monthly meetings held with the four towing companies. Because new policy decisions or contract interpretations may significantly affect contract performance or provide a basis for any future litigation, documented minutes are essential and should be part of the contract history. For example, at one meeting SAPD personnel discussed conditions permitting tow truck drivers to take pictures at accident scenes (e.g., major 18-wheeler accidents). Specifically, they permit photography when public safety is not an issue and the towing service companies will use the pictures for training purposes only. Since this issue relates specifically to public safety and the timely removal of vehicles off roadways, documented minutes are essential to provide a historical basis of policy changes and notification of such changes to towing service companies.

B.4 Outstanding Payments Due From Towing Service Companies

Towing service companies did not submit all amounts owed to the City on time. We identified 13 payments (valued at \$44,000) past due from 26 to 104 days as of September 19, 2010.¹ Administrative Directive 8-4, *Financial Management for Accounts Receivable*, assigns monitoring responsibilities to the applicable department. This condition occurred because SAPD had not established policies and procedures for monitoring amounts past due from towing service companies. With an effective monitoring and follow-up process, the City has greater assurance of receiving funds due on time. Because of this audit, on September

¹ Commission payments are due within 10 calendar days of the month-end close and violation payments are due within 10 calendar days of the invoice date.

19, 2010, SAPD issued collection letters to the four towing companies and subsequently received all amounts due.

B.5 Cash Handling

SAPD personnel did not appropriately secure on-hand cash and other negotiable instruments. Specifically, \$90 in cash and \$1,429 in checks were stored in an unlocked drawer. Administrative Directive 8.1, *Cash Handling*, stipulates any amounts not deposited on a daily basis shall be secured in a safe, vault, or locked drawer. During the audit, SAPD revised the cash handling procedures and now requires tow truck drivers pay their annual \$15 badging fee at Police Headquarters. Consequently, we made no recommendation for this issue.

B.6 Criminal Backgrounds

SAPD has twice requested the City Attorney's Office provide a written legal opinion concerning the eligibility of one driver with an alleged criminal background to conduct towing operations under the City contract. Specifically, during the City badging process, SAPD identified a driver with potential contract-limiting convictions. Before issuing the badge, SAPD requested the City Attorney's Office advice concerning the driver's eligibility. Based on our discussions with SAPD personnel, the City Attorney's Office provided its advice verbally and, using that verbal advice, SAPD issued the driver a City badge. Subsequently, SAPD used the same verbal legal advice as a basis to approve issuance of a City badge to another driver, even though the driver documented his past criminal convictions. Without a written opinion, the verbal advice used by SAPD to approve City badges for drivers with alleged criminal histories becomes subject to interpretation and misapplication. As a result, its misapplication may expose the City to unnecessary potential liability.

Recommendations: The SAPD Police Chief should:

B.1 Develop and implement contract-monitoring procedures that require SAPD to conduct and document a specified number of tow truck driver/vehicle inspections each month.

B.2 Conduct a second level review of all 30-minute violation appeal approvals/denials to validate appeal decisions and retain all documentation needed to support the decisions.

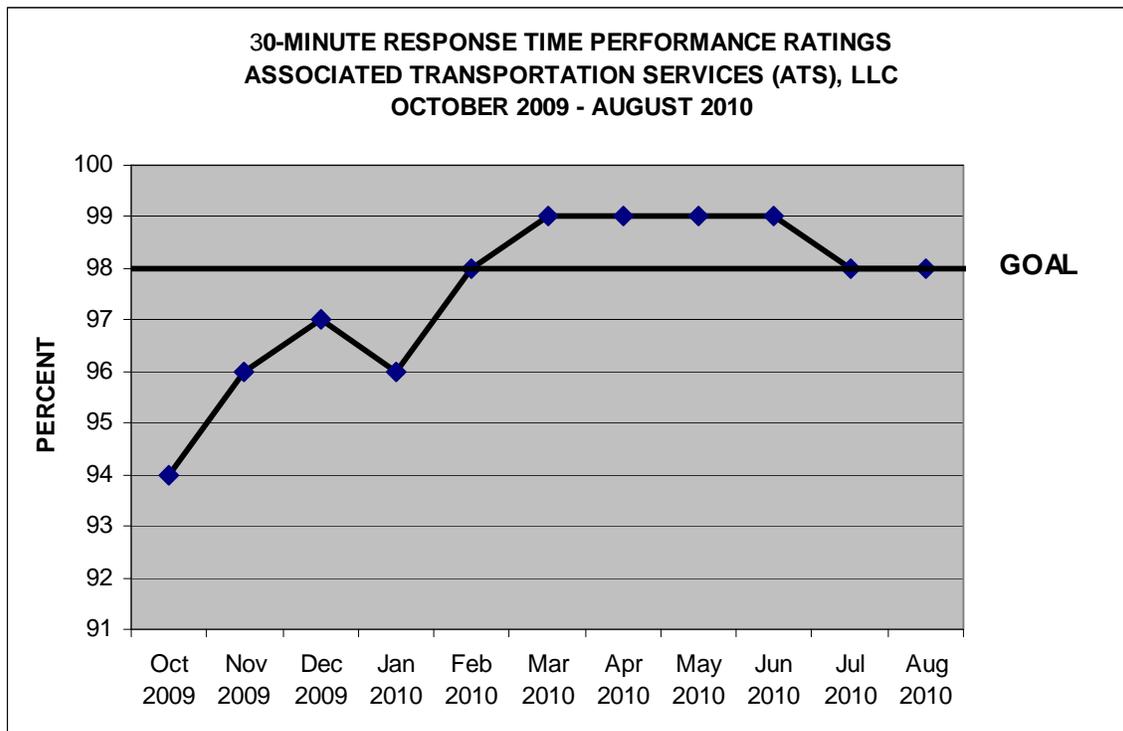
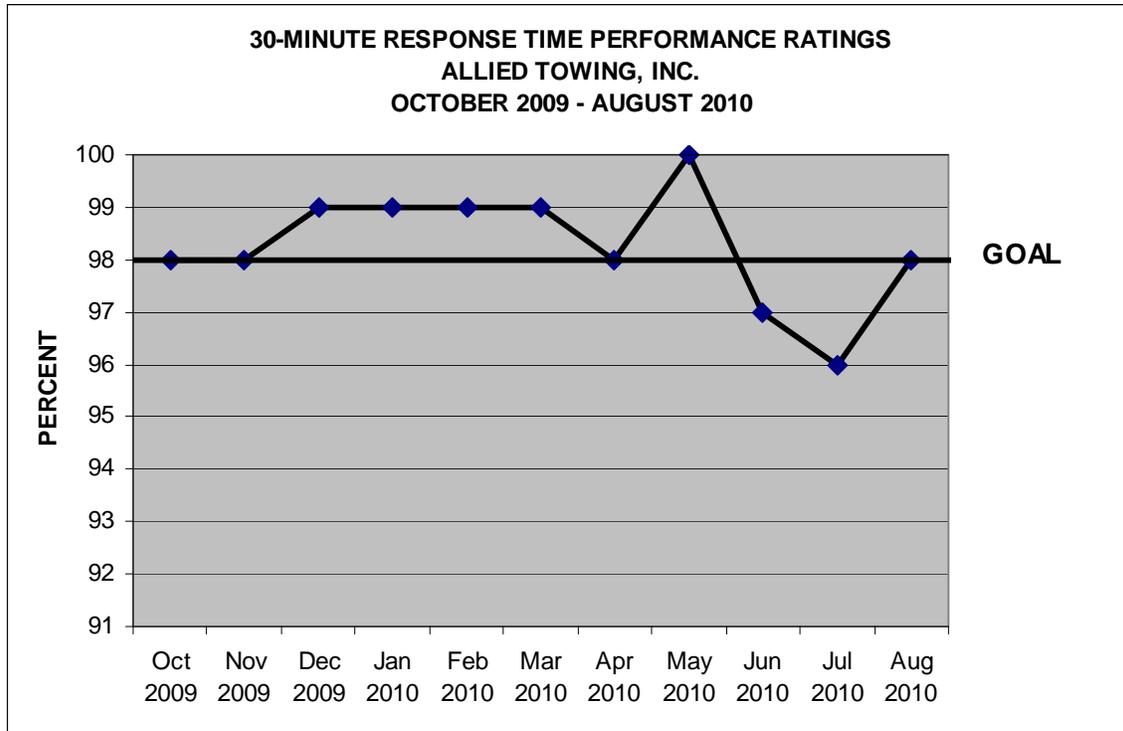
B.3 Document and retain the results of monthly towing service company meetings. For those meetings addressing policies and procedures, document notification to the four towing service companies.

B.4 Improve collection procedures in accordance with Administrative Directive 8-4, *Financial Management for Accounts Receivable*, for amounts due from towing service companies.

B.5 None

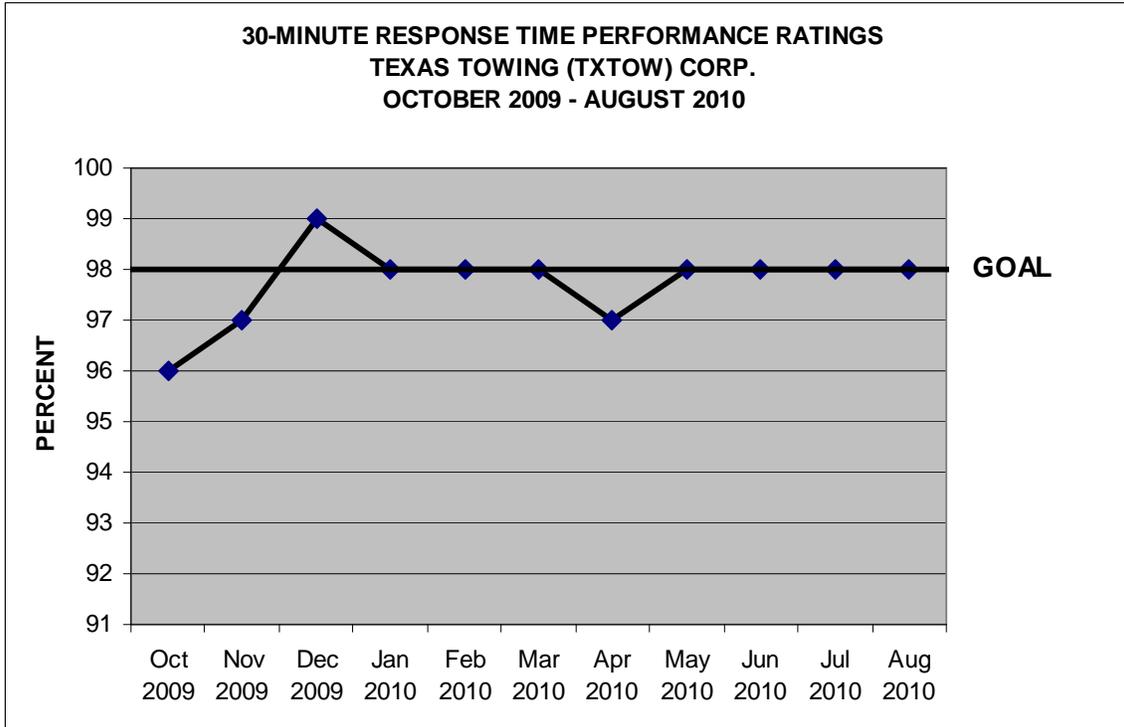
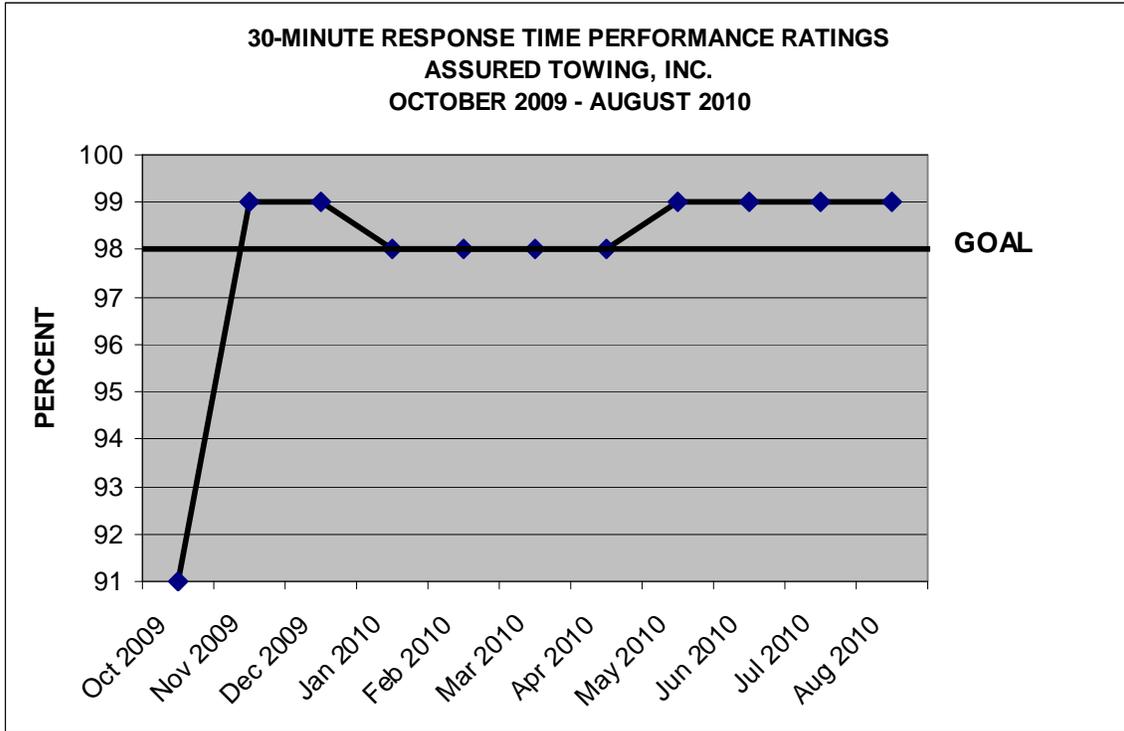
B.6 Prior to taking action based on its verbal legal advice, request and receive a written legal opinion when the City Attorney's Office advice is relied upon for contract related decisions. If necessary, elevate to the City Attorney for resolution.

Appendix A – 30-Minute Response Time Performance Ratings²



² Source: SAPD Memo to City Manager, subject: Update on Towing Contract, dated October 4, 2010

Appendix A – 30-Minute Response Time Performance Ratings



Appendix B – Monthly Tows – October 2009 – August 2010

| MUNICIPAL TOWING SERVICES MONTHLY TOWS BY COMPANY³ | | | | | |
|--|---------------|------------|----------------|--------------|---------------|
| MONTH | ALLIED | ATS | ASSURED | TXTOW | TOTALS |
| OCT 2009 | 1109 | 939 | 261 | 2192 | 4501 |
| NOV 2009 | 437 | 832 | 771 | 2002 | 4042 |
| DEC 2009 | 430 | 907 | 955 | 2012 | 4304 |
| JAN 2010 | 435 | 851 | 866 | 2094 | 4246 |
| FEB 2010 | 372 | 204 | 1490 | 1975 | 4041 |
| MAR 2010 | 451 | 1016 | 856 | 2133 | 4456 |
| APR 2010 | 448 | 900 | 907 | 2231 | 4486 |
| MAY 2010 | 442 | 907 | 891 | 2164 | 4404 |
| JUN 2010 | 401 | 879 | 850 | 2158 | 4288 |
| JUL 2010 | 415 | 900 | 953 | 2108 | 4376 |
| AUG 2010 | 399 | 976 | 970 | 2253 | 4598 |

³ Source: Wrecker Services Monthly Towing Reports, October 2009 – August 2010. This table includes company tows of City vehicles for which the City receives no commission.

Appendix C – Staff Acknowledgment

Barry Lipton, CPA, DABFA, Deputy City Auditor
Kevin Barthold, CPA, CIA, CISA, Audit Manager
Phillip Gaddy, CPA, Auditor-in-Charge
Buddy Vargas, CFE, Auditor
Douglas Francis, Auditor

Appendix D – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

February 8, 2011

Park E. Pearson, CPA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit SAPD Municipal Wrecker Services Contracts

San Antonio Police Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

| Recommendation | | | | | |
|----------------|--|-------------------|-----------------------------------|------------------------------------|--|
| # | Description | Audit Report Page | Accept, Partially Accept, Decline | Responsible Person's Name/Title | Completion Date |
| A | Towing Company Contract Compliance | | | | |
| A.1 | Recommendation: The SAPD Police Chief should report significant contract violations, such as the use of unauthorized drivers and uninspected towing vehicles, to the City Council Public Safety Committee for information purposes. Document significant contract violations and add additional appropriate penalties to the contract during the renewal process. | 5 | Accept | William McManus, SAPD Police Chief | On going as addressed with Contractors |
| | Action plan: Operational non-compliance, such as unauthorized drivers and uninspected towing vehicles, is addressed through progressive levels of sanctions which are documented and maintained in the contractor's file. The Department will continue to provide quarterly updates to the Public Safety Committee regarding significant non-compliance and response time performance ratings. During the renewal process additional penalties and sanctions will be included in the contracts. | | | | |
| A.2 | SAPD Management took corrective action during the audit. No recommendation is made. | 5 | | | |
| A.3 | Recommendation: The SAPD Police Chief should coordinate with the Risk Management Office to ensure that insurance coverage types and amounts comply with contract terms. Additionally, revise the contract administration plan to clearly define the roles of SAPD and the Risk Management Office. | 5 | Accept | William McManus, SAPD Police Chief | August 2010 |

Appendix D – Management Response (continued)

| Recommendation | | | | | |
|----------------|---|-------------------|-----------------------------------|------------------------------------|-----------------|
| # | Description | Audit Report Page | Accept, Partially Accept, Decline | Responsible Person's Name/Title | Completion Date |
| | Action plan: The Contract Administration Office began immediately coordinating with the Risk Management office to ensure proper insurance coverage by the Contractors. The roles of the Department and Risk Management were clarified in the revised contract administration plans. | | | | |
| B | SAPD Contract Monitoring | | | | |
| B.1 | Recommendation: The SAPD Police Chief should develop and implement contract-monitoring procedures that require SAPD to conduct and document a specified number of towing truck driver/vehicle inspections each month. | 7 | Accept | William McManus, SAPD Police Chief | July 2010 |
| | Action plan: Yearly inspections of tow truck drivers and tow vehicles will continue to occur. Procedures were established immediately, during the audit, to renew tow truck driver's city badge in conjunction with their state towing license. Moreover, the Transportation Inspector documents and maintains records of all vehicle inspections. A new procedure was established to conduct scheduled and non-scheduled inspections on the contractor's fleet on a quarterly base. | | | | |
| B.2 | Recommendation: The SAPD Police Chief should conduct a second level review of all 30-minute violation appeal approvals/denials to validate appeal decisions and retain all documentation needed to support the decisions. | 7 | Accept | William McManus, SAPD Police Chief | April 2010 |
| | Action plan: The Contract Administration staff reviews all violations with the Transportation Inspector to ensure consistency and adherence to the contract and policy prior to finalizing the contractor's initial appeal. In addition, the policy was revised to include a panel to determine the final appeal. | | | | |
| B.3 | Recommendation: The SAPD Police Chief should document and retain the results of monthly towing service company meetings. For those meetings addressing policies and procedures, document notification to the four towing service companies. | 7 | Accept | William McManus, SAPD Police Chief | December 2010 |
| | Action plan: Monthly meetings began to establish communication and resolve issues with the towing companies. A record of attendance is kept with the Meetings Agenda in the contractor's file. If policy changes become necessary as a result of the meetings, a memo will be sent to all contractor's regarding the change and effective date. | | | | |
| B.4 | Recommendation: The SAPD Police Chief should improve collection procedures in accordance with Administrative Directive 8-4, <i>Financial Management for Accounts Receivable</i> , for amounts due from towing service companies | 7 | Accept | William McManus, SAPD Police Chief | April 2010 |

Appendix D – Management Response (continued)

| Recommendation | | | | | |
|----------------|---|-------------------|-----------------------------------|------------------------------------|-----------------|
| # | Description | Audit Report Page | Accept, Partially Accept, Decline | Responsible Person's Name/Title | Completion Date |
| | Action plan: The Contract Administration staff conducts audits on a quarterly base for the remittance of fees for each contractor. The Wrecker Service Management Analyst, on a quarterly base, verifies the Contractor's remittance of fees and commissions with SAPD's Accounting Office and SAP. If a contractor has failed to remit fees in accordance with the contract, the Contract Manager will send a notification letter to the Contractor. In accordance with the contract, the notification letter addresses the amount owed to City which must be paid within two business days or a 10% penalty will be assessed. If fees are not remitted within two business days, the Department Fiscal Administrator will send notification of the 10% assessment to the Contractor. | | | | |
| B.5 | SAPD Management took corrective action during the audit. No recommendation is made. | 7 | | William McManus, SAPD Police Chief | |
| B.6 | Recommendation: The SAPD Police Chief should, prior to taking action based on verbal legal advice, request and receive a written legal opinion when the City Attorney's Office advice is relied upon for contract related decisions. If necessary, elevate to the City Attorney for resolution. | 8 | Accept | William McManus, SAPD Police Chief | On going |
| | Action plan: The SAPD requests written legal opinions needed for clarification regarding contract interpretation from the City Attorney. SAPD will not take further action on requests until the legal opinion is received from the City Attorney. | | | | |

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,



 William P. McManus
 Chief of Police
 San Antonio Police Department

FEB 8 - 2011

 Date



 Erik Walsh
 Assistant City Manager
 City Manager's Office

2/8/11

 Date