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Review of West Way Towing, Inc.

Contract #175-9720

Report of Audit 08/09-XX-01

April 24, 2009



Office of Management and Budget

Internal Audit

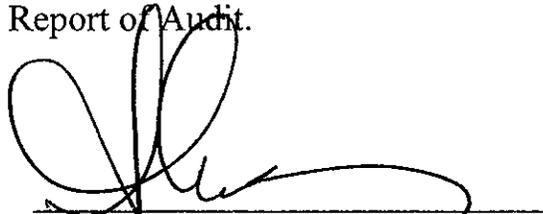
MEMORANDUM NO. 09-25

DATE: April 24, 2009

TO: Chief of Police/Frank Adderley

SUBJECT: *Review of West Way Towing, Inc. Contract #175-9720*

Enclosed is the "subject" Final Report of Audit.



Shonda Singleton-Taylor
Acting Director, Office of Management and Budget

Attachment - Final Report of Audit No. 08/09-XX-01

c: City Commission
City Manager/George Gretsas
Assistant City Manager/ David Hebert
Assistant City Manager/Allyson Love
Assistant City Manager/Ted Lawson

SST/am

REPORT OF AUDIT NO. 08/09-XX-01

DATE: September 19, 2008

TO: Director of Procurement Services/Kirk Buffington
Chief of Police/Frank Adderley

FROM: Assistant Internal Audit Director/Renée C. Foley

BY: Financial Management Analyst/Dede T. Alexakis

SUBJECT: *Review of West Way Towing, Inc. Contract #175-9720*

BACKGROUND

The City of Fort Lauderdale (City) commenced a two-year contract #175-9720 with West Way Towing, Inc. "Contractor" on May 15, 2007 to provide vehicle towing services for the Police Department and Citywide departments. The Contractor pays the City quarterly towing permit fees, and invoices for confiscation tows; however, does not charge for the towing of City vehicles within the City limits.

SCOPE

The Procurement Services Department requested Internal Audit conduct an audit of the Contractor's compliance with contract requirements to determine whether the contract should be extended in 2009. The overall objective of our review was to determine 1) the accuracy and timeliness of invoices billed by/payments to the Contractor for the period June 18, 2007 to June 30, 2008; 2) whether the Contractor was in compliance with other pertinent contract provisions; and 3) adequacy of internal controls to track and monitor the Contractor's compliance with terms and conditions in the contract. Random sampling techniques were used to select transactions. This review was performed according to the generally accepted government auditing standards during the months of July to September 2008.

OVERALL EVALUATION

Internal controls need to be strengthened to verify: 1) invoices for accuracy, timeliness, meet contract requirements, and retention of support documentation; 2) Contractor's response time to Police Dispatch was within the 20 minute requirement, 3) receipt/timeliness of required monthly reports

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and that they contained all required data. An annual performance review was not conducted by the City to review and rate the Contractor's performance. Quarterly payments for towing permit fees have not been received timely, nor have late fees been assessed. Monthly reports were not always received by Contractor and/or complete, nor were logs maintained at Contractor's premises as required in the contract. The current agreement with Contractor contains outdated language from the previous contract and did not specify a Contract Coordinator; and Police policy for vehicle towing services has not been updated.

FINDING 1

Internal controls were not adequate to verify invoices for accuracy, timeliness, consistency, and retention of support documentation.

Contract #175-9720, PART IV– TECHNICAL SPECIFICATIONS/SCOPE OF THE WORK, Section 11, INVOICES, states: “The Contractor shall provide a separate invoice for each and every towing service provided under this contract. The basic information contained in the invoice shall include, but not be limited to the following:

- A. Date of service call.*
- B. Service call number assigned to FLPD.*
- C. Location where tow originated and destination.*
- D. Vehicle VIN number.*
- E. Vehicle make and model.*
- F. Vehicle license number.*
- G. Drivers name and I.D. number.*
- H. Reason for the tow such as: accident, parking, road blockage, City Vehicle, confiscated, abandoned/derelict, etc.*
- I. Breakdown of all towing, recovery, or storage charges.*

On the back of the page of the invoice that is provided as a receipt when the owner pays for and picks up his vehicle will be legibly printed or stamped the following information:

- A. A policy statement concerning rates, policies and procedures provided by the City.*
- B. A list of all approved rates.*
- C. City telephone numbers for questions or complaints regarding the contract. (The type size and content of this information is subject to City approval.)”*

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Florida Department of State, General Schedule for State and Local Government Agencies GSI-SL, CONTRACTS/LEASES/AGREEMENTS: NON-CAPITAL IMPROVEMENT, Item #65, states: "This record series consists of legal documents, correspondence, reports, etc.,...RETENTION: a) Record copy. 5 fiscal years after completion or termination of contract...."

We selected 49¹ of 213 (23%) paid invoices totaling \$4,612 to verify accuracy (i.e., contained required information, rates, supporting tickets, etc.) and timeliness that identified the following conditions and/or internal control weaknesses.

- 49 (100%) tows charged did not include all contract requirements containing information required on the front and back of invoices (**Schedule 1**).
- 34 (69%) tow tickets were not accompanied by an actual invoice, resulting in a \$56 underpayment.
- 5 (10%) invoices did not charge the approved contract rates.
- 34 (69%) invoices were sent to the wrong address for Finance/Accounts Payable.
- Contractor provided the City with multiple versions of invoices and erroneously referenced tow service ticket numbers as invoice numbers on invoice summaries; thus, the City paid for services without an actual invoice.
- Contractor was late (up to 10 months) on invoicing the City for towing services rendered, which were received well into the subsequent fiscal year.
- Contractor erroneously billed the City opposed to First Vehicle Services (FVS) for invoices over 13 months old totaling \$6,101.40.²

¹ Forty nine (49) tows were tested in total of which Contractor provided 15 with individual invoices and 34 with invoice summaries.

² First Vehicle Services is a vehicle maintenance and repair Contractor with the City.

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- City did not pay for Police Confiscation tows until cases were closed, resulting in posting of payments in subsequent fiscal years opposed to recording within the fiscal year service was rendered.
- Police Confiscation did not retain tow tickets for services provided in order to verify invoices.
- Police Officers did not retain tow tickets for Police vehicles towed for malfunctions (non accident or offense related).

The Contractor alleged they had undergone staffing changes and did not know where and which entity to bill for tows performed for (First Vehicle Services) FVS. Furthermore, the City did not designate a Contract Coordinator for Contract #175-9720 to track and monitor receipt of a proper and timely invoice, as well as perform a thorough review of invoice accuracy prior to processing for payment.

Establishment of an adequate system of controls and effective management oversight will assist in the performance of a thorough review for accuracy, timely billing and payment of services rendered, including resolution of any erroneous fees and/or improper invoices.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Captain of Support Services* should require the *Contract Coordinator*³ to:

Recommendation 1. *Confirm the City is billed with actual invoices opposed to tow tickets, summaries, etc.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “This recommendation has been corrected. A meeting was conducted on October 28, 2008 with all City users of this contract as well as the Westway Towing Vice-President and Office Manager. During that meeting several issues were corrected including the invoice procedure. It was explained that improper invoices would be returned for correction, and payment would only be made in response to an

³ Contract Coordinator to be designated in recommendation 8.

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actual invoice according to contract. Deadline – COMPLETED 10/28/2008.” **This item is closed.**

Recommendation 2. *Review front and back side of all invoices and confirm contract requirements are met and communicate in writing to Contractor any revisions that need to be made to invoice templates, detailing the consequence of an improper invoice that does not meet contract requirements.*

Management Comment. *Management concurred with the finding and recommendation and stated: “The invoice deficiencies have been corrected. To ensure that invoices to the public are consistent with contract requirements, the Contract Coordinator will inspect the records of Westway quarterly and unannounced. Deadline – COMPLETED.” This item is closed.*

Recommendation 3. *Review, date-stamp, and sign off on the accuracy of the towing rates charged per Police vehicle and forward Confiscation tows to be reviewed with the City approved rates on Contractor invoices received prior to payment and return timely to Finance Department/Accounts Payable.*

Management Comment. *Management concurred with the finding and recommendation and stated: “This will be fully implemented by May 29, 2009. A meeting will be scheduled with Procurement to verify appropriate rates based on actual costs and potential for cost savings to the City.” Estimated completion date May 29, 2009.*

Recommendation 4. *Inform Contractor in writing to bill the City within 30 days with an actual invoice including requirements⁴ opposed to tow ticket, summary, etc., sent to Finance Department⁵ for all services rendered to the City and invoice FVS directly for those tows servicing FVS.*

Management Comment. *Management concurred with the finding and recommendation and stated: “The letter was mailed January 5, 2009. First Vehicle Services Manager provided Westway Towing with the proper*

⁴ Contract #175-9720, PART IV, Section 11, INVOICES.

⁵ Finance Department, 100 N. Andrews Avenue, 6th Floor, Fort Lauderdale, FL 33301.

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mailing address for invoices. West Way will note on the invoice that the service was requested for FVS and not the Police Department. Deadline – COMPLETED, see (Exhibit I) attached.” **This item is closed.**

Recommendation 5. *Process Confiscation tows for payment upon receipt of invoice opposed to the closing of cases.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “This process has already been corrected. All Confiscation tows are now paid as soon as the invoice is received from West Way and approved by the Confiscation Specialist. This process has been in effect since September 2008. Deadline – COMPLETED.” **This item is closed.**

Recommendation 6. *Retain all Contractor support documentation for towing services rendered and communicate the enforcement of requirement to all contract users, maintain records for 5 fiscal years after completion or termination of contract.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “All tow slips, invoices, receipts, and tow reports (hard copy and electronic) will be maintained for five (5) years beyond the period of contracted services from the provider. Deadline – Effective Immediately.” **This item is closed.**

Recommendation 7. *Consult with Police Confiscation and Contractor to develop a revised log of closed cases, reflecting most current and accurate information.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “Discussion is in progress and the revised log will be implemented by June 5, 2009.” **Estimated completion date June 5, 2009.**

FINDING 2

The City has not conducted an annual performance review of the Contractor.

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Contract #175-9720, PART IV–TECHNICAL SPECIFICATIONS/PRIMARY CONCERNS, Section 41, ANNUAL PERFORMANCE REVIEW, states: “The City will conduct an annual performance review of the Contractor. Criteria to be evaluated will consist of, but not be limited to, response times, complaints received, care and custody of vehicles and owners possessions, condition of facilities and equipment, extent and clarity of records, and conduct of management and personnel. Such a review will be conducted ninety (90) days prior to the contract anniversary date and Contractor will be provided a written copy of the review. Within thirty (30) days of the sending of the review, Contractor may respond to the review in writing and the parties shall meet to discuss the review and other pertinent subjects. A final report that will consist of the review, Contractor’s written response, and a summary of the annual review meeting will be prepared by the City Staff with a copy to the City Manager and Contractor. Contractor performance on annual reviews will be an important consideration in determination of an extension term and its length.”

Contract #175-9720, PART IV–TECHNICAL SPECIFICATIONS /FUNCTIONAL REQUIREMENTS, Section 05, APPROVED TOWING RATES, states: “The following rates have been established.... Contractor shall accept major credit cards (Visa, Master Card, etc.) as well as cash and have a sign posted by the cashier stating such payment policy.”

The City was required to conduct a review of the Contractor’s performance in February 2008;⁶ however, no review was done. On August 15, 2008 we observed the Contractor did not post methods of payment by the cashier stating the acceptance of major credit cards, as well as cash. Issues of non-compliance such as this, invoice criteria, timely permit payments, electronic submission of all reports and maintenance of required logs on site could have been included in an annual performance review and rectified by the Contractor; however, this did not occur.⁷

The contract did not contain a Contract Coordinator provision, nor did it designate Contract Coordinator³ for the City; and lack of enforcement to conduct an annual performance review resulted in the Contractor’s continued non-compliance of various contract requirements.

Enforcement of conducting an annual performance review in a timely manner by rating performance and listing discrepancies found will proactively alert the Contractor of issues found and provide for issues to be resolved to determine whether contract should be extended.

⁶ Ninety (90) days prior to May 15, 2008, the one year anniversary from the May 15, 2007 commencement date.

⁷ Findings 1, 3, and 5.

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RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Procurement Services* should require the *Contracts and Procurement Manager* to:

Recommendation 8. *Amend the Contract to add a provision stating “The City will designate a Contract Coordinator whose principal duties shall be:*

- *Liaison with Contractor.*
- *Coordinate and approve all work under the contract.*
- *Resolve any disputes.*
- *Assure consistency and quality of Contractor's performance.*
- *Schedule and conduct Contractor performance evaluations and document findings.*
- *Review and approve for payment all invoices for work performed or items delivered.”*

Management Comment. *Management concurred with the finding and in principle with the recommendation and provided alternative action:* “Procurement Services will provide a memorandum of understanding to West Way Towing, along with the current renewal contract award letter to reflect a provision stating the following, if approved by the Police Department’s Contract Coordinator:

The City may designate a Contract Coordinator whose principal duties shall be:

Liaison with Contractor

Coordinate and approve all work under the contract

Assure consistency and quality of Contractor’s performance

Schedule and conduct Contractor performance evaluations and document findings.

Review and approve for payment all invoices for work performed or items delivered.

Renewal Letter and Memo of Understanding should be completed by May 29, 2009. In the memorandum of understanding Procurement will also include a statement that changes all reference to Purchasing Division to read Procurement Services Department.” **Estimated completion date May 29, 2009.**

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Recommendation 9. *Designate a Contract Coordinator for Police and Citywide departments and amend contract accordingly to contain the standard Contract Coordinator provisions.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The Police Department is responsible for providing the name of the designated Contract Coordinator to West Way Towing and also to the Procurement Services Department. This is a Police policy issue, which has changed several times over the last year. Police is responsible to make sure all parties are notified. Currently the Lieutenant of the Division is the Contract Coordinator. The Police Department Contract Coordinator may develop as policy, a Contractor performance evaluation report or other Contract Coordinator provisions, which could be provided as a memorandum of understanding of policy, to West Way Towing and the Procurement Services Manager. These policy changes can be changed as needed with a memorandum of understanding and not as contractual issues, as they would need to be amended each time and approved by the City Commission.” **This item is closed.**⁸

The *Captain of Support Services Bureau* should require the *Contract Coordinator* to:

Recommendation 10. *Develop a Contractor performance evaluation report. This report shall be used to periodically review and rate the Contractor's performance under the contract with performance rating as follows:*

- *Excellent - Far exceeds requirements.*
- *Good - Exceeds requirements.*
- *Fair - Just meets requirements.*
- *Poor - Does not meet all requirements and contractor is subject to penalty provisions under the contract.*
- *Non compliance - Either continued poor performance after notice or a performance level that does not meet a significant portion of the requirements. This rating makes the Contractor subject to the default or cancellation for cause provisions of the contract.*

⁸ The Police Department also provided the following management comment: “The towing services Contract manager is the Captain of Staff Support Division of the Police Department. The Lieutenant of the Division is the contract coordinator for day to day management as outlined by the contract.”

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Management Comment. *Management concurred with the finding and recommendation and stated:* “As a result of the October 28th meeting, the Lieutenant of the staff support division has developed a similar form to be used during inspections of the contractor facilities. The form will be revised to include the evaluation recommendations from the auditor. The form will be utilized in the first, and subsequent, inspections beginning in June 2009, and revised as needed to ensure accurate performance and review of the Contractor.” **Estimated completion date June 1, 2009.**

Recommendation 11. *Send a letter to the Contractor immediately advising to post a sign by the cashier stating they accept major credit cards (Visa, Master Card, etc.) and follow-up with a site visit to confirm the request is completed through to resolution.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “This letter was drafted and mailed January 5, 2009. The site visit will be conducted during the inspection planned in January. Deadline – COMPLETED, see (**Exhibit I**) attached.” **This item is closed.**

Recommendation 12. *Conduct an annual performance review immediately and prior to 90-days of the contract anniversary date in 2009.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The initial performance review will be completed on January 31, 2009. The following review will be concluded by May 10, 2009 as the current contract will expire on May 14, 2009.” **Estimated completion date May 14, 2009.**

Recommendation 13. *Provide a detailed report of the annual performance review listing all discrepancies found during the review period and distribute to Procurement Services and Contractor to make the necessary revisions for contract compliance through to resolution within a specified time period and maintain a file copy.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “The report will be compiled within ten (10) days of the completed annual performance review, and distributed to procurement and contractor for resolution at the conclusion of the review.” **Estimated completion date May 20, 2009.**

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Recommendation 14. *Follow-up with Contractor within a 30-day period from distributing the detailed report to confirm that any issues have been resolved and inform Procurement Services Department of results. Maintain a copy of follow-up results to be used in determining the suitability of contract extension and for audit purposes.*

Management Comment. *Management concurred with the finding and recommendation and stated: “The contract states that the contractor will be allowed to respond to the annual review within 30 days. A follow up inspection will be scheduled in accordance with the provisions of the contract as well as in respect to any written response by the contractor. Since the contract allows the 30 days for the contractor to submit a written response it would be more practical to allow for the response to be submitted and reviewed by the contract coordinator prior to follow up of non-compliance issues. The follow-up inspection will occur within 45 days to ensure corrective action of all deficiencies was taken.” Estimated completion date April 25, 2009.*

FINDING 3

Quarterly payments for towing permit fees have not been received timely, nor have late fees been assessed.

Contract #175-9720, PART IV-TECHNICAL SPECIFICATIONS/FUNCTIONAL REQUIREMENTS, Section 03, PERMIT FEES, states: “Contractor shall indicate their proposed permit fee in Section VII – Cost Proposal of this RFP. The minimum towing permit fee the City will accept is \$25,000 per year for each zone. Annual Permit Fees shall be payable by four equal quarterly payments, in advance, and shall be due on the first business day of the contract quarter. If permit fees are delinquent, a late charge of \$50.00 shall be applied. If permit fees are more than twenty (20) days late, Contractor is subject to suspension or cancellation at the City’s sole option.”

Contract #175-9720, PART III-SPECIAL CONDITIONS, Section 07, CONTRACT TERM AND EXTENSION TERM(S), states: “The initial contract term shall commence upon date of award or 06/18/07, whichever is sooner, and shall be for a two (2) year period. The City reserves the right to extend the contract for two additional two (2) year terms providing all terms and conditions and specifications remain the same, both parties agree to the extension, and such extension is approved by the City....”

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Our review to determine timeliness of quarterly permit fee payments for the period of June 18, 2007 to June 30, 2008 revealed 3 of 5 (60%) payments have been received late. Late fees have not been charged by the City, nor has Contractor been informed of being subject to suspension or cancellation of the contract. We found the official contract award date is May 15, 2007; however, Procurement Services and Contractor have been using June 18, 2007 as the initial start date of the contract resulting in a one month delay in the initial start date and subsequent quarterly payment dates.

Procurement has procedures in place to remind the Contractor of quarterly payments due; however, they have not been effective to confirm payments are received timely. The assessment and billing of late fees has not been exercised. Quarterly due dates sent in writing to the Contractor by Procurement do not follow the initial/official contract date, May 15, 2007.

Enforcement of the collection of timely quarterly payments for permit fees and assessing and collecting late fees with a consistent initial contract date, including reminders to the Contractor of the possible suspension or cancellation of contract, will facilitate timeliness of all payments and increase revenues to the City.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Procurement Services* should require the *Procurement and Contracts Manager* to:

Recommendation 15. *Confirm the contract start and expiration dates to be 06/18/07 to 06/17/09 and revise/amend the contract to read, “The initial contract term shall commence upon date of award or 06/18/07, whichever is later....” Furthermore, revise the start and expiration dates of all documentation related to the contract and advise the Contract Coordinator³ of such dates.*

Management Comment. *Management concurred with the finding and in principle with the recommendation and provided alternative action: “The City Commission originally approved the West Way Towing contract on 05/15/07, PUR-04. The date approved by the City Commission, for this contract, cannot be changed, as performance of this contract has been conducted over the last two years, and is completed. We cannot go back and*

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tell the City Commission that we now need to change the date to 06/18/07. The performance date when West Way Towing started services began on 06/18/07 and that is when they have been paying their permit fees. Procurement Services Department can provide a memorandum of understanding with our renewal letter to West Way Towing, to state that permit fees are due each quarter, beginning 03/18/09 and will continue each quarter from that date. The City Commission just approved on 01/06/09, M-13 renewal of the West Way Towing contract for another two years ending 05/14/11. If the vendor and City Commission approve another renewal period, for the renewal period beginning on 05/15/11 to 06/18/13, Procurement Services will modify the renewal period so that the permit fees and the award date of the contract are the same. If the contract will not be renewed for another two years, the City per Part III – Special Conditions of the RFP will continue the services upon the request of the Procurement Director, for not more than 90 days beyond the expiration date, to allow the permit fees and award dated to end on the same day.” **This item is closed.**

Recommendation 16. *Develop a tracking system to verify whether Contractor has paid the quarterly permit fees on time, and if not, assess and charge late fees within one week of non-receipt of payments. If the time period of unpaid permit fees exceeds 20 days, send a certified letter to Contractor advising that they are subject to suspension or cancellation at the City’s sole option. All correspondence and results should be maintained and shared with the Contract Coordinator.*³

Management Comment. *Management concurred with the finding and recommendation and stated:* “The Procurement Services Department has created a tracking system whereas the Procurement and Contracts Manager and the Procurement Specialist I, will update their Outlook calendar to provide a reminder to contact West Way Towing of their upcoming quarterly permit fees. Any late receipt of permit fees, by one week, will be reviewed by the Procurement Services Department and a late fee may be assessed. If the time period of unpaid fees exceeds 20 days, a certified letter will be sent to the Contractor advising that they are subject to suspension or cancellation at the City’s sole option. All correspondence and results will be maintained and shared with the Contract Coordinator.” **This item is closed.**

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FINDING 4

Internal controls were not adequate to determine Contractor's response time to Police Dispatch was within the 20 minute requirement.

Contract #175-9720, PART IV- TECHNICAL SPECIFICATIONS/FUNCTIONAL REQUIREMENTS, Section 24, RESPONSE TIME, states: "The Contractor is to respond (arrive at the scene) within twenty (20) minutes of notice at any time of the day or night with appropriate equipment at the request of the Fort Lauderdale Police Department, or in the case of City vehicles, by an authorized City employee.... The City may conduct periodic reviews of response times to see that the Contractor is in compliance. The following penalties shall apply to the contractor(s) for failure to respond within the twenty (20) minute time frame during each contract year:

- A. Third Offense: A certified letter of warning.*
- B. Fourth Offense: \$250.00 fine.*
- C. Fifth Offense: \$350.00 fine or suspension, at the City's option.*
- D. Any further Offense: \$500.00 fine, suspension, or termination, at the City's option.*

All fines shall be deducted from the monthly payment of confiscated vehicles returned to owners (see Par. 07)...."

Fort Lauderdale Police Policy 124.0, Towed Vehicles Section C. Tow Requests states: "1. When a member request a tow via dispatch will indicate in the remarks section of the CAD the date and time the tow company was notified of the request. 2. When the tow company arrives on the scene, the requesting member will notify the dispatcher of the arrival and the dispatcher will indicate on the CAD remarks section the date and time the tow company arrived on the scene."

Our review of 42 civilian tows called in to Police Dispatch by officers revealed the following.

- 18 (43%) tows did not contain the documented tow truck arrival time in the Police Event Chronology Computer Aided Dispatch (CAD) Report.
- 10 (24%) tows resulted in arrival times exceeding 20 minutes response time.

Police Officers called Police Dispatch when tow services were needed which was entered on the system; however, did not notify dispatch of tow truck arrival at the incident scene.

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Enforcement of requirement for Police Officers to call Police Dispatch when tow trucks arrive would enhance records to determine timeliness of tows, provide a means to monitor performance and support any offense/penalty that could be charged to the Contractor, providing an incentive to perform efficient service.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Captain of Staff Support Division* should require the *Contract Coordinator*³ to:

Recommendation 17. *Enforce Policy 124.0 to Police Officers to call and report to Police Dispatch the time tow trucks arrive at the scene of an incident.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “Department members do advise the dispatcher as often as is practical. However, an informational bulletin will be drafted and shift supervisors will be reminded to ensure that all department members comply with the policy whenever practical. The Info bulletin will be disseminated by May 20, 2009. A request will be made to the Broward Sheriff’s Office, the current dispatch contractor, to ensure dispatchers follow-up with department members to note the tow contractor’s arrival times.” **Estimated completion date May 20, 2009.**

Recommendation 18. *Review on a quarterly basis Police Event Chronology CAD Reports, along with tow slips to verify compliance of the 20-minute response time required by the Contractor and assess the specified penalties, if necessary.*

Management Comment. *Management concurred with the finding and recommendation and stated:* “Investigations for timeliness have been conducted based on complaints received. As a result of confirmed violations, a certified letter was sent to the contractor for issuance of the written warning of response time deficiencies as directed in the contract. That letter was mailed on November 11, 2008.” **This item is closed.**

“Effective January 1, 2009, the contract coordinator will review the towed vehicle logs in the Computer Aided Dispatch (CAD) reports in conjunction

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with the quarterly inspections of the Contractor. Department tow slips are under review and several revisions are planned. The tow slips will be modified to comply with this directive by June 12, 2009. Any discovered discrepancies of arrival times will be investigated to ensure contract compliance. A spreadsheet containing information of response time complaints is maintained by the Staff Support Lieutenant.” **Estimated completion date June 12, 2009.**

FINDING 5

Contractor did not always submit required monthly reports,⁹ nor were logs maintained on premises as specified in the contract.

Contract #175-9720, PART IV–TECHNICAL SPECIFICATIONS, Section 13, CONTRACTOR FILES/AUDIT, Section 14, REPORTS, and Section 15, NOTIFICATION OF LOCATION OF VEHICLE (Exhibit II).

Our review of the monthly reports⁹ during the period of June 18, 2007 to June 30, 2008 (13 months) and reports required at Contractor’s premises revealed the following (**Schedule 2**).

- 13 (100%) monthly Vehicle Release Reports were not received by the City from the Contractor.
- 9 (54%) monthly Towing Activity Reports were not evidenced. The City did not date-stamp any of the reports that were received; thus, we were unable to verify timeliness of submission.
- No reports provided included Police vehicle and confiscation tows.
- No reports⁹ were provided by Contractor electronically and none were sent to Procurement Services Department¹⁰ as required.
- During our site visits conducted on August 15, 2008 and August 20, 2008, respectively, Contractor was unable to provide complete logs of calls for service, notification logs, and logs of unclaimed vehicles.

⁹ Towing Activity and Vehicle Release Reports.

¹⁰ Contract lists Purchasing Division.

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The City did not have a system in place to track and monitor whether all required reports were received monthly and confirm that all required logs were maintained on the Contractor's premises.

Enforcement by the City of the Contractor to submit all reports required in accordance with the contract will provide useful information and evidence a complete audit trail for vehicle histories, verifications and Police investigations.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Captain of Support Services* should require the *Contract Coordinator*³ to:

Recommendation 19. *Enforce the requirement for the Contractor to submit required reports electronically to the Police Department, with a copy to the Procurement Department on a monthly basis, and follow-through via written notification to resolution on those not received. Furthermore, maintain both electronic version and date-stamp hard copy version.*

Management Comment. *Management concurred with the finding and recommendation and stated:* "This issue has been resolved. Monthly reports are being submitted to the Contract Coordinator and the City's procurement office by the 15th of each month. This date allows for the contractor to compile all required information from the preceding month and submit an accurate report. The Contractor has been providing monthly reports as mentioned since September 2008 and no issues of late reports have arisen. The Contract Coordinator maintains an electronic file of every report submitted since the regular electronic reports had been enforced in September 2008. Deadline – COMPLETED." **This item is closed.**

Recommendation 20. *Conduct a thorough review of the monthly reports upon receipt, confirming contract requirements are met (i.e., attributes, timeliness, etc.) reports are complete, and maintain all reports together with the results of review. Return any incomplete reports to Contractor for correction and follow-through to resolution.*

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Management Comment. Management concurred with the finding and recommendation and stated: “This issue has been resolved as stated above. The Contractor has been in compliance since September 2008. On site inspections will reinforce this recommendation and Contractors requirements. Deadline – COMPLETED.” **This item is closed.**

Recommendation 21. Enforce the requirements for Contractor to maintain a log of calls for service to include City approved verification system for extra time on scene charges, a notification log, and a log of unclaimed vehicles for 30 days at the principal compound for an independent person to review for audit purposes.

Management Comment. Management concurred with the finding and recommendation and stated: “An inspection of the contractor is planned for the end of May 2009. During that inspection, this recommendation will be enforced and documented appropriately. The requirements of this recommendation will be added to the inspection form that was developed along with the evaluation recommendations stated previously in this report.” **Estimated completion date May 30, 2009.**

FINDING 6

The City entered into contract agreement with Contractor without updating language from previous contract and policy for vehicle towing services.

During our review of the contract agreement and related Police policies the following conditions were found.

Contract #175-9720/Police Policy Criteria	Condition Found
PART III–SPECIAL CONDITIONS, Section 20, REQUIRED LICENSING, states: “The Contractor shall at all times be a holder of a general towing and wrecker service license issued by Broward County, and have current decals issued by Broward County for all towing vehicles....”	No longer required (A general towing and wrecker service license issued by Broward County has not been required since 1/22/02, prior to entering into the contract).

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Contract #175-9720/Police Policy Criteria	Condition Found
<p>PART IV– TECHNICAL SPECIFICATIONS–SCOPE OF WORK, OVERVIEW, states: “...FORT LAUDERDALE POLICE DEPARTMENT (FLPD) GENERAL ORDER 124 Towing services under this contract shall be conducted in accordance with FLPD General Order 124, which is included in and made a part of this RFP as Exhibit “A”. The General Order may be reasonably amended from time to time by the FLPD, and Contractor agrees to abide by such amendments.”</p> <p>Fort Lauderdale Police Policy 124.0, Towed Vehicles, Vessels, Aircraft, states: “Fort Lauderdale Police Department Notification of Hold Release...Please contact the towing company listed below. Macs Towing, 418 SW 2 St., Dania, Fl. (954) 923-8218 They will provide you with information of how to retrieve your vehicle....”</p>	<p>Police Policy 124.0 has not been updated to reflect the current Contractor’s name, address, and telephone number. This outdated policy erroneously listed the previous Contractor on the Notification of Hold Release form, which is required in order to release towed vehicles</p>
<p>PART IV–TECHNICAL SPECIFICATIONS–FUNCTIONAL REQUIREMENTS, Section 14, REPORTS, states: “...Contractor shall submit to the Police Department, with a copy to the Purchasing Division,....”</p>	<p>Procurement Services Department was not listed as the contact to send monthly reports.</p>

The City used the previous template for the current contract, failed to properly research the accuracy and relevance of various requirements, and did not update them to reflect current criteria.

Review of contract and policy language to clearly state the City’s expectations will assist in Contractor’s compliance to contract requirements and eliminate errors that could occur due to outdated instructions, information and policies.

RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Procurement Services* should require the *Contracts and Procurement Manager* to:

Recommendation 22. *Consult with Contract Coordinator³ to review contract and policy requirements for outdated language and amend accordingly, advising Contractor and user departments of all changes.*

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Management Comment. Management concurred with the finding and recommendation and stated: “The Police Departments Contract Coordinator is responsible for all policy requirements and contract language for the Towing Contract, and may work with the Procurement and Contracts Manager, to review and discuss changes required to their policies. All changes to their policies in the towing contract should be stated in a memorandum of understanding, and provided to the vendor and to Procurement Services Department. When a new RFP for a new contract is being created all changes to Police Policy should be made a part of the in RFP. Procurement Services Department has contacted the Contract Coordinator from the Police Department and will be meeting to review and discuss any policy requirements/contract language revisions needed for the Towing Contract by April 13, 2009. A memorandum of understanding will be created so that both West Way Towing and the City understand revised policy. This will be done within two weeks after internal meeting with Police Department.” **Estimated completion date April 13, 2009.**

“Procurement Services Department has reached out to the City Attorney’s office to review the City’s templates for ITB’s/RFP’s and work with the Attorney’s office to make sure all language meets the legal requirements as set forth by the City. At this time, Procurement Services Department is making recommended changes to our templates and is awaiting an assigned attorney to work with.” **This item is open.**

The *Captain of Support Services Bureau* should:

Recommendation 23. Amend Police Policy 124.0 and inform Contractor and Procurement and Contracts Manager of such amendment.

Management Comment. Management concurred with the finding and recommendation and stated: “Policy revisions will be completed and the policy reviewed in it’s entirety to ensure accurate information. Towing policies are located in several areas of the manual, i.e. homicide, forensics, auto theft, etc.... A complete review of all polices will be completed, and consolidated into one policy. Policy revisions will be sent to Accreditation for review and compliance by April 13, 2009.”

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EVALUATION OF MANAGEMENT COMMENTS

Management comments provided and actions taken and/or planned are considered responsive to the recommendations.

Exhibit I

January 2, 2009

RE: Contract Requirements

Mr. Craig Goldstein
3681 W. Oakland Park Blvd.
Lauderdale Lakes, FL 33311

Dear Mr. Goldstein:

This correspondence is being sent in order to bring to your attention concerns over Westway Towing Inc, compliance with the terms of the City of Fort Lauderdale Contract. As you are aware an internal audit has recently been completed and several deficiencies were identified. The Police Department requires your immediate compliance with the following items.

Item One:

Towing invoices submissions:

Invoices are required to be submitted not later than 30 days from the date of services. Billing must be done by means of actual invoices and submitted to the Finance Department, 100 N. Andrews Avenue, 6th Floor, Fort Lauderdale, FL 33301. The invoice requirement is as follows:

PART IV, Section 11, INVOICES

The Contractor shall provide a separate invoice for each and every towing service provided under this contract. The basic information contained in the invoice shall include, but not be limited to the following:

- A. Date of service call.*
- B. Service call number assigned by FLPD.*
- C. Location where tow originated and destination.*
- D. Vehicle VIN number.*
- E. Vehicle make and model.*
- F. Vehicle license number*
- G. Drivers name and I.D. number.*
- H. Reason for the tow such as: accident, parking, road blockage, City Vehicle, confiscated, abandoned/derelict, etc.*
- I. Breakdown of all towing, recovery, or storage charges.*

Additionally, all invoices chargeable to First Vehicle Services (FVS) should be sent directly to FVS as discussed in the meeting of October 28, 2008.

Item Two:

The contract requires Westway Towing to immediately post a sign near the cashier informing customers of the fact that you accept major credit cards (Visa, MasterCard, etc...). The terms of the contract state the following:

PART IV, Section 05, APPROVED TOWING RATES

The following rates have been established and will remain firm and fixed for the initial contract term. Rates for any extension term are subject to negotiation between the parties and any changes require City Commission approval. Contractor shall accept major credit cards (Visa, Master Card, etc.) as well as cash and have a sign posted by the cashier stating such payment policy.

Thank you for your attention in this matter.

Respectfully,

Lieutenant Robert R. Dietrich
Staff Support Lieutenant
Fort Lauderdale Police Department

cc: Capt. Michael Gregory
Mike Walker
Dafne Perez

**WEST WAY TOWING, INC. (WWT)
TOWING REPORTS AND LOGS CRITERIA**

Contract #175-9720, Part IV – Technical Specifications, Section 13, Contractor Files/Audit, p.28 states: “Contractor shall maintain at his Principal Compound, or central offices located within seven (7) miles of City limits, files that include, but are not limited to, the following:

- A. A vehicle Storage Receipt for each vehicle impounded under the contract.*
- B. A copy of all paid invoices.*
- C. A log of calls for service to include City approved verification system for extra time on the scene charges.*
- D. A notification log indicating date, time and method of notification to the registered owner of an impounded vehicle.*
- E. A log containing all vehicles that have remained unclaimed for thirty (30) days or more.*

Contractor agrees to maintain all files directly related to the contract and to make those files available for City inspection....”

Contract #175-9720, Part IV – Technical Specifications, Section 14, Reports, p.28 states: “Contractor shall submit to the Police Department, with a copy to the Purchasing Division, by the 15th of each month for the previous month the following reports. Reports should be electronic in nature. A Microsoft Excel spreadsheet that can be sent via e-mail is preferred. Forms may be determined by the Contractor, but are subject to the approval of the City.

- A. Towing Activity Report, to include for each and every tow:
 - 2. Date of tow.*
 - 3. Service call number assigned by FLPD.*
 - 4. Type of tow such as accident, parking, abandoned, City vehicle, etc.*
 - 5. Total cost / generated income of tow.*
 - 6. License plate number**
- B. Vehicle Release Report, to include:
 - 1. All information contained in the Towing Activity Report.*
 - 2. Date vehicle released or disposed of.*
 - 3. Method of disposition such as: release to owner, release to City, auction.*
 - 4. A complete breakdown of all towing charges with a total including sales taxes.”**

Contract #175-9720, Part IV – Technical Specifications, Section 15, Notification of Location of Vehicle, p.28 states: “The Contractor agrees to be responsible for notifying the registered owner or agent of the whereabouts of the vehicle in accordance with Florida Statute 713 as may be amended or other State. County or Local Laws or Ordinances as required. The Contractor agrees to maintain a log at the place of business listing date, time and method of notification.”

Per WWT Invoice	N/D	N	Y	I/D	N*
Was the correct address on invoice?	34	0	0	0	15
Was there a date of service call?	34	0	15	0	0
Was the service call number assigned to FLPD?	34	0	15	0	0
Was the location documented where tow originated and its destination?	34	0	15	0	0
Was the Vehicle Identification Number (VIN) number documented?	36	0	1	12	0
Was the vehicle make and model documented?	34	0	15	0	0
Was License Number documented?	46	0	1	2	0
Was the drivers name** and ID number* documented?	49**	0	49*	0	0
Was the reason for the tow documented?	49	0	0	0	0
Was the breakdown of all towing, recovery, or storage charges documented?	34	0	15	0	0
Per WWT Tow Ticket (front side referred to as invoices by WWT)					
Was there a date of service call?	1	0	48	0	0
Was the service call number assigned to FLPD?	11	2	36	0	0
Was the location documented where tow originated and its destination?	2	0	47	0	0
Was the VIN number documented?	5	0	44	0	0
Was the vehicle make and model documented?	1	0	48	0	0
Was License Number documented?	4	0	45	0	0
Was the drivers name and ID number documented?	48*	48**	1	0	0
Was the reason for the tow documented?	10	0	39	0	0
Was the breakdown of all towing, recovery, or storage charges documented?	1	36	12	0	0
Per WWT Tow Ticket (back side referred to as invoices by WWT)					
Was a policy statement concerning rates, policies and procedures provided by the City?	49	0	0	0	0
Was there a list of all approved rates?	49	0	0	0	0
Was the City's telephone numbers for questions or complaints regarding the contract documented?	49	0	0	0	0
Legend					
N/D Not documented					
N No					
Y Yes					
I/D Improperly documented					
N* Was billed to wrong address					
* Name was not documented					
** ID Number was documented					

West Way Towing Inc,
Monthly Towing Activity and Vehicle Release Reports

Reports:			Monthly Towing Activity								Monthly Vehicle Release					
			Report to include for each and every tow:								Report to include:					
Item #	Tow Mo./Year	Due Date	Reports provided electronically?	Report Received by Police?	Date Received	Report Copy Received by Procurement?	Tow Date?	Service call # (assigned by FLPD)?	Tow Type?	Total Cost/Generated Income?	Report Received by Police?	Report Copy Received by Procurement?	All Info in Towing Activity Report?	Date Vehicle Released or Disposed of?	Method of Disposition?	A complete breakdown of all towing charges w/total?
1	Jun-07	7/15/07	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
2	Jul-07	8/15/07	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
3	Aug-07	9/15/07	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
4	Sep-07	10/15/07	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
5	Oct-07	11/15/07	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
6	Nov-07	12/15/07	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
7	Dec-07	1/15/08	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
8	Jan-08	2/15/08	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
9	Feb-08	3/15/08	N	N	N/A	N	N/A	N/A	N/A	N/A	N	N			N/A	
10	Mar-08	4/15/08	N	N*	UTD	N	N*	N*	NAR	NAR	N	N			N/A	
11	Apr-08	5/15/08	N	Y	UTD	N	Y	Y	NAR	NAR	N	N			N/A	
12	May-08	6/15/08	N	Y	UTD	N	Y	Y	NAR	NAR	N	N			N/A	
13	Jun-08	7/15/08	N	Y	UTD	N	Y	Y	NAR	NAR	N	N			N/A	
Total Exceptions				10	4	13			4	4	13	13				
Legend:																
Y	Yes															
N	No															
N*	No, since entire month was not submitted, only 1 day (3/31/08)															
N/A	Not applicable since report was not submitted															
NAR	Not always recorded															
UTD	Unable to determine since reports received were not date-stamped															