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# **CITY OF SAN ANTONIO**

## **OFFICE OF THE CITY AUDITOR**



Audit of San Antonio Police Department  
United Road Growdon Rd. Vehicle Storage Facility  
Contract Administration

Project No. AU17-C05

August 3, 2017

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor

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## Executive Summary

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As part of our annual Audit Plan approved by City Council, we conducted an audit of the San Antonio Police Department (SAPD), specifically the United Road Growdon Rd. Vehicle Storage Facility (Growdon VSF) contract administration and monitoring. The audit objective, conclusions, and recommendations follow:

**Determine if contract administration is effective to monitor compliance with key terms.**

Contract administration is effective to monitor compliance with key terms. The SAPD performed an extensive fiscal year 2015 contract compliance review and performed follow-up monitoring as needed.

However, the current contract makes SAPD's contract administration less effective because it lacks performance metrics, penalties for non-compliance, and requirements related to staff background checks.

Additionally, we observed that potable water is not adequately supplied to the Growdon VSF. Because of its remote location, the facility is not connected to a San Antonio Water System (SAWS) water main. The City utilizes a nearby well to provide water to the Growdon VSF. The water, which is provided by SAWS, is only intended for non-potable use. However, this water is inappropriately used for other activities including hand washing.

We recommend that the Police Chief:

- Ensure that subsequent contracts for the vehicle storage facility include detailed performance metrics and penalties for non-compliance. Additionally, add requirements for background checks for Growdon VSF staff.
- Develop a policy to address water needs at the Growdon VSF.

SAPD Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 6.

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## Background

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The Growdon Rd. Vehicle Storage Facility (Growdon VSF), a City-owned property, is used to hold impounded vehicles. In 2008, an operations and maintenance agreement between United Road Towing, Inc. (UR) and the City was approved by City Council for a 62-month term with an optional renewal for a 2-year period. In April 2015, City Council chose to extend the contract through September 30, 2017, which coincides with another contract extension provided to UR for its auction-services agreement.

At the request of the SAPD, City-approved towing companies bring vehicles to the Growdon VSF. Vehicles that are impounded include those belonging to arrested drivers, those that were damaged in accidents, and those that were seized by the SAPD. UR's activities include vehicle intakes and releases, weekly auctions, security, and property maintenance.

Charges for impounded vehicles include: (1) towing fees (amount varies based on vehicle size; reimbursed to towing companies), (2) impound fees (\$20), (3) storage fees (\$20 per day), and (4) notification fees (\$50). To claim their vehicles, customers must pay required fees and provide documentation showing identification, ownership, and proof of insurance.

UR pays the City two percent of total adjusted gross sales or a minimum guarantee. For the 12-month periods ending March 16, 2015 and March 16, 2016, the City received the minimum guarantees of \$165,000 (\$13,750 per month).

In fiscal year 2015, approximately 26,000 vehicles were impounded, while approximately 29,000 vehicles were impounded in fiscal year 2016. As of November 1, 2016, the Growdon VSF had approximately 3,000 vehicles on site.

An SAPD contract coordinator monitors UR's Growdon VSF operations and property management for compliance with key terms of the agreement. Monitoring activities include regular site visits as well as annual performance reviews. UR provides monthly reports that include a detailed list of all impounded vehicles, detailed revenue reports, and summary reports of activities at the Growdon VSF.

## Audit Scope and Methodology

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The audit scope was October 1, 2014 through September 30, 2016 and also included site visits performed in fiscal year 2017 (during this audit).

We interviewed SAPD contract monitoring staff and UR Growdon VSF management and staff. Testing criteria included the contract, amendments, City Code, and the Texas Administrative Code.

We reviewed monitoring letters, emails, photos, and other documentation to determine if SAPD was adequately following up on issues identified at the Growdon VSF including operational efficiency, environmental concerns, property maintenance, and security.

We also reviewed monitoring efforts related to hiring practices, the release of vehicles, and customer complaints.

We relied on computer-processed data in UR's TOPS application to determine if payments to the City were accurate. Our reliance was based primarily on performing direct tests on the data rather than evaluating the system's general and application controls. We tested logical access to TOPS to determine if it is monitored and appropriately restricted. We do not believe that the absence of additional testing of general and application controls had an effect on the results of our audit.

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

## Audit Results and Recommendations

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The SAPD is effectively monitoring compliance with key terms of the UR Growdon VSF contract. The contract coordinator is responsible for overseeing contractual compliance. The coordinator has assembled a contract monitoring file, performs site visits and performance reviews, and keeps track of UR's progress towards compliance with contractual requirements. However, we identified areas the SAPD should strengthen regarding contract terms and water quality.

### A. Contract Terms

The current contract lacks detailed UR performance metrics, penalties for non-compliance, and criteria for UR staff background checks.

The SAPD documented the contractor's non-compliance throughout 2016 and worked with the contractor to identify corrective actions. However, the SAPD's feedback to UR was not sufficient to compel compliance related to key areas including customer service, security, environmental requirements, and property maintenance. For example, the contract coordinator noted these ongoing deficiencies:

- Vehicles are parked too close to each other, increasing the likelihood of damage and delaying access to and removal of vehicles.
- The flow of people into the VSF is not adequately controlled.
- Vehicle fluid spills are not identified and remediated promptly.
- VSF is not maintained free of trash, debris, and overgrown vegetation.

Additionally, although the contract has requirements that background checks be performed, it does not include a description of what background history should result in the contractor rejecting an applicant for employment.

Performance metrics should be objective, measurable, and realistic. Using agreed-upon metrics allows for more accurate and meaningful feedback to the contractor on the quality of service and can potentially expedite remediation of performance issues. Incorporating penalties would give the SAPD greater strength and flexibility with contract compliance issues.

Without detailed performance metrics, penalties for non-compliance, and criteria for background checks, the contractor is less accountable for its performance and financial and security risks to the City are increased.

## **Recommendation**

The Police Chief should ensure that subsequent contracts for the vehicle storage facility include detailed performance metrics and penalties for non-compliance. Additionally, add requirements related to background checks for Growdon VSF staff.

## **B. VSF Water Quality**

Potable water is not adequately supplied to the Growdon VSF. Because of its remote location, the facility is not connected to a San Antonio Water System (SAWS) water main. The City utilizes a nearby well to provide water to the Growdon VSF; however, this water, which is provided by SAWS, is only intended for non-potable use.

Although UR provides potable water for drinking, non-potable water is inappropriately used for other activities including hand washing.

Because the non-potable water has not been properly treated, UR employees are potentially more at risk from microbial contaminants. Additionally, UR is at risk for penalties for non-compliance to Occupational Safety and Health Administration (OSHA) requirements.

Potable water must be provided in the workplace as required by OSHA regulations. Water should be potable if it could be ingested or absorbed. Thus, potable water should be provided for drinking, washing hands, washing eating utensils, etc.

## **Recommendation**

The Police Chief should develop a policy to address water needs at the Growdon VSF.

## **Appendix A – Staff Acknowledgement**

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Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager  
Rebecca Moulder, CIA, Auditor in Charge



## Appendix B – Management Response



### CITY OF SAN ANTONIO

P.O. Box 839966  
SAN ANTONIO TEXAS 78283-3966

July 10, 2017

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

RE: Management's Corrective Action Plan for the Audit of SAPD United Road Growdon  
Vehicle Storage Facility Contract Administration


SAPD has reviewed the audit report and has developed the Corrective Action Plans  
below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	<b>Contract Terms</b> The Police Chief should ensure that subsequent contracts for the vehicle storage facility include detailed performance metrics and penalties for non-compliance. Additionally, add requirements related to background checks for Growdon VSF staff.	4	Accept	Steve Baum, Assistant Police Director	October 1, 2017
<b>Action plan:</b> A new contract will begin October 1, 2017. The new Total Management of the Growdon Vehicle Storage Facility Request for Proposal (RFP) included penalties for noncompliance and proposal for performance metrics. In addition, specific requirements for background checks were included in the RFP. <b>See Attachment I</b>					

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
2	<b>VSF Water Quality</b> The Police Chief should develop a policy to address water needs at the Growdon VSF.	4	Accept	Steve Baum, Assistant Police Director	August 1, 2017
<b>Action plan:</b> A 2,000 gallon water tank has been installed at the Growdon VSF for handwashing and the washing of eating utensils. The water to supply the tank will be delivered pending final walk through/completion of the tank installation. Drinking water is currently supplied by a 5 gallon bottle water dispenser. <b>See Attachment II</b>					


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

Sincerely,

  
 William McManus  
 Chief of Police  
 San Antonio Police Department

  
 Date

  
 Erik Walsh  
 Deputy City Manager  
 City Manager's Office

  
 Date