

**CITY OF HAMILTON**

**CITY MANAGER'S OFFICE  
Audit Services Division**

<b>TO:</b> Chair and Members Audit, Finance and Administration Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> March 2, 2011	
<b>SUBJECT/REPORT NO:</b> Follow Up of Audit Report 2009-05 - Tow Procedures (AUD11018) (City Wide)	
<b>SUBMITTED BY:</b> Ann Pekaruk Director, Audit Services City Manager's Office	<b>PREPARED BY:</b> Ann Pekaruk 905-546-2424 ext. 4469
<b>SIGNATURE:</b>	

**RECOMMENDATION**

That Report AUD11018, respecting the follow up of Audit Report 2009-05, Tow Procedures, be received.

**EXECUTIVE SUMMARY**

Audit Report 2009-05, Tow Procedures, was originally issued in October, 2009 and management action plans with implementation timelines were included in the Report. In January, 2011, Internal Audit conducted a follow up exercise to determine that appropriate and timely actions had been taken. All four (4) recommendations made in the original Report have been completed.

***Alternatives for Consideration – Not Applicable***

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)**

**Financial:** None.

**Staffing:** None.

**Legal:** None.

#### **HISTORICAL BACKGROUND** (Chronology of events)

Audit Report 2009-05, Tow Procedures, was originally issued in October, 2009. Overall, towing activities were handled well and in compliance with by-laws and divisional procedures. The Report provided four (4) recommendations of a minor nature to improve accuracy in reporting and the collection of fees owed to the City by the tow agency.

It is normal practice for Internal Audit to conduct follow up reviews within a 12-18 month period following issuance of the original report in order to determine whether action plans committed to by department management have been implemented.

#### **POLICY IMPLICATIONS**

None.

#### **RELEVANT CONSULTATION**

The results of the follow up were provided to the management and staff responsible for the Parking towing activities - Parking and By-law Services Division of the Planning and Economic Development Department.

#### **ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The report attached as Appendix "A" to Report AUD11018 contains the first three columns as originally reported in Report 2009-05 along with an added fourth column indicating Internal Audit's comments as a result of the follow up work.

There were four (4) recommendations in the original report. All (4) have been implemented – the annual review and update of tow procedures; the use of the "TO" (towed vehicle) resolution code in the Hansen database when resolving complaints and the corresponding adjustment to the applicable procedure; and, the monitoring of fees owed to the City by the tow agency.

**ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Not applicable.

**CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)**

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

***Financial Sustainability***

- ◆ Delivery of municipal services and management of capital assets/liabilities in a sustainable, innovative and cost effective manner

**APPENDICES / SCHEDULES**

Appendix "A" to Report AUD11018: Audit Report 2009-05

ap:dt

CITY OF HAMILTON  
INTERNAL AUDIT REPORT 2009-05  
PARKING – TOW PROCEDURES  
FOLLOW UP

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2011)
1.	<p><b><u>Procedures</u></b> The Parking Division has detailed procedures regarding the towing of vehicles. As they were last revised in July 2007, they require updating as some procedures (e.g. waiting with a stolen vehicle until Police respond) are no longer the actual practice.</p> <p>Detailed written procedures provide guidance to current and future employees carrying out the process. Procedures which are out-of-date can result in incorrect or inconsistent application.</p>	<p>That the Towing procedures be reviewed annually to ensure that they remain current and are appropriately and consistently applied.</p>	<p>Agreed. Effective immediately, the tow procedures will be reviewed and updated by staff on an annual basis. Completed – March, 2009.</p>	<p>Completed. The Parking Division reviewed and updated the tow procedures in March 2009 and November 2010.</p>

**PARKING – TOW PROCEDURES  
FOLLOW UP – JANUARY 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2011)
2.	<p><b>Summary Reports</b></p> <p>Towing related complaints are tracked via the Hansen information technology database. When a call has been completed, a resolution code is required. If a vehicle is towed, a "TO" (towed vehicle) resolution code should be assigned.</p> <p>Summary Hansen reports, using the "TO" resolution code, revealed incomplete information. There were 1,888 vehicles towed from January 2006 to December 2008 and 82% (1,559) were resolved using the "TO", "PT" (priority tow) and "TF" (abandoned auto) resolution codes. However, the resolution codes for the remaining 329 towed vehicles were not easily determinable outside of manually reviewing each resolved complaint and summarizing the results.</p> <p>Additional Hansen codes were added to provide more specific information. However, this information is not being adequately tracked and summary reports have become less meaningful as a result.</p>	<p>That the "TO" code be used when resolving (completing) all tow related complaints that result with a vehicle being towed to ensure the completeness of summary information.</p> <p>That the procedures referenced in #1 be updated to reflect this change.</p>	<p>Agreed. The "TO" code is now used for all resolved tow related complaints.</p> <p>Agreed. See #1 above.</p>	<p>Completed. The "TO" code has been used to complete substantially all resolved tow related complaints in the 2010 calendar year. As of the latter part of the 2010 calendar year, "TO" is the only resolution code available in Hansen to resolve such complaints.</p> <p>Completed. The tow procedures have been updated to reflect the use of the "TO" code to resolve tow related complaints.</p>

**PARKING – TOW PROCEDURES  
FOLLOW UP – JANUARY 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2011)
3.	<p><b><u>Vendor Performance</u></b>            Contract C2-02-06 (for Towing of Vehicles) states that the City will invoice the contracted towing agency for the vehicle processing fee (\$50 per vehicle) subsequent to the conclusion of each quarter. Payment is due within thirty calendar days of the invoice issue date. The current contract period expires on February 28, 2010 with an optional one year renewal. Payments by the current vendor were not remitted within the specified time and have consistently been late as evidenced by the testing carried out as far back as 2006. As in the past, in early January 2009, repeated efforts were required by the City's Accounts Receivable Division to collect outstanding amounts. Subsequent to these efforts, a Vendor Performance – Incident Reporting Form was completed by the Parking Division and forwarded to the City's Purchasing Division. By late January 2009, the vendor had made payment arrangements with Accounts Receivable for the outstanding balance owing to that time. Vendors that do not fulfill their payment obligations in a timely manner as indicated in the contract result in more staff resources to track down delinquent accounts and follow up for payment. The likelihood that overdue amounts will not be recovered is also increased.</p>	<p>That the Parking Division (Manager of Parking Enforcement) be provided with regular updates on overdue balances so that the contract can be effectively administered for the remainder of the contract term with measures taken to ensure payments are made within the time frame noted in the contract.</p>	<p>Agreed. The Manager of Parking Enforcement monitors non-compliance of payments and takes action under the purchasing policy and procedure. The most recent vendor non-compliance was sent in January, 2009. The Manager will meet with the towing company to discuss concerns regarding payments and the action to be taken in the future.</p>	<p>Completed. The Manager of Parking Enforcement and the Senior Procurement Specialist have been monitoring non-compliance of vendor payments and have taken action to collect outstanding balances. A request for tender is currently being developed for a new towing contract to begin on March 1, 2011.</p>