



CITY OF SAN ANTONIO

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December 5, 2019

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Councilman, District 10

SUBJECT: Audit Report of San Antonio Police Department Growdon Road Vehicle Impound Lot

Mayor and Council Members:

We are pleased to send you the final report of the San Antonio Police Department Growdon Road Vehicle Impound Lot. This audit began in January 2019 and concluded with an exit meeting with department management in November 2019. Management's verbatim response is included in Appendix B of the report. The San Antonio Police Department management and staff should be commended for their 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,

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

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CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Audit of San Antonio Police Department

Growdon Road Vehicle Impound Lot

Project No. AU19-024

December 5, 2019

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

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the San Antonio Police Department's (SAPD) administration of the Growdon Road Vehicle Impound Lot contract. The audit objectives, conclusions, and recommendations follow:

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

SAPD has controls in place to effectively monitor the Growdon Road Vehicle Impound Lot contract. SAPD has established a contract administration plan (CAP) used to monitor the contract with Alanis Wrecker Service (AWS). Additionally, SAPD conducts an annual performance review to evaluate contract compliance. Finally, SAPD has effective procedures in place to ensure revenue payments are supported, fees charged are correct, and payments from AWS are accurately recorded in SAP.

However, we identified an area in need of improvement. We determined that some users had inappropriate access to the AutoReturn Intelligent Electronic System (ARIES), used by AWS to support the impound function. The Chief of Police should implement a formal monitoring process to ensure access to the ARIES system is properly restricted.

SAPD management agreed with the audit finding and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 5.

Table of Contents

Executive Summary	i
Background.....	1
Audit Scope and Methodology	2
Audit Results and Recommendations	3
A. ARIES Access	3
Appendix A – Staff Acknowledgement	4
Appendix B – Management Response.....	5

Background

The Growdon Road Vehicle Storage Facility (Growdon VSF) is a City owned property and is used to store and manage impounded vehicles. The City contracted with Alanis Wrecker Service, LLC (AWS) to direct the impounded vehicle management process at the Growdon VSF. The contract with AWS commenced on October 1, 2017 and will end on September 30, 2023. The City has the option to renew the contract for up to two additional, one-year periods. SAPD is responsible for managing and monitoring the contract and has assigned a contract coordinator to monitor AWS's management of the Growdon VSF for compliance with key contract requirements. SAPD uses a contract administration plan (CAP) and conducts annual performance reviews to facilitate this process.

City-approved towing companies bring vehicles to the Growdon VSF for impound. This can be for reasons including vehicles belonging to arrested drivers, vehicles damaged in accidents, or vehicles seized by the SAPD as evidence for an ongoing case. AWS is responsible for the intake, storage, and release of impounded vehicles. Additionally, they are responsible for managing the weekly auction process for abandoned vehicles, maintaining the property, complying with environmental regulations, and providing security. AWS uses the AutoReturn Intelligent Electronic System (ARIES) to manage the Growdon VSF. This system manages the entire impound process including vehicle intake, storage, release, and auction sales.

Charges for impounded vehicles include: (1) towing fees¹ \$175 (amount increases for larger vehicles), (2) impound fees \$20, (3) daily storage fees \$20 + tax/day, and (4) notification fees \$50 (added only after the second day of storage). To claim vehicles, customers must pay all required fees and provide documentation showing identification, ownership, and proof of insurance. For FY 2018, SAPD impounded 32,535 vehicles.

Per the contractual requirements, AWS pays the City a minimum annual guarantee (MAG) each month or 2% of adjusted gross sales, whichever is greater. Since the contract went into effect, AWS has paid the MAG each month as it has always exceeded 2% of adjusted gross sales. The City received \$175,000 for the MAG in FY 2018. Additionally, the City receives 85% of all auction sales. For FY 2018, the City received \$4,044,638 in auction sales.

¹ The City reimburses the towing fee to the towing companies.

Audit Scope and Methodology

The audit scope included SAPD monitoring processes for key contract terms in the Growdon VSF contract for FY 2019 through June 30, 2019.

We reviewed the contract with AWS to gain a better understanding of key contract requirements. Additionally, we interviewed staff and performed walkthroughs to gain an understanding of the contract compliance process, the auction sales and vehicle notification process, contract revenues, security and property maintenance, and ARIES access.

We reviewed the CAP to determine if SAPD was adequately monitoring key contract requirements. We obtained auction sale reports to determine if SAPD was adequately capturing auction sales and complying with State vehicle notification requirements. We also reviewed revenue reports from ARIES to determine if payments from AWS were supported and accurately recorded in SAP. Additionally, we reviewed security features and maintenance of the impound lot to determine if impounded vehicles were secure and if the impound lot was adequately maintained. Finally, we obtained the current listing of ARIES users to determine if user access was appropriate.

We relied on computer-processed data in ARIES and SAP to determine if notification letters were sent according to State vehicle notification requirements and if payments were accurately recorded. Our reliance was based on performing direct tests on the data rather than evaluating the systems' general and application controls. Our direct testing included obtaining notification letters from ARIES to determine the date they were sent and tracing payments into SAP. 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 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

SAPD has effective monitoring procedures in place to ensure compliance with key contractual requirements. SAPD has established a contract administration plan (CAP) used to monitor the contract with Alanis Wrecker Service (AWS). Additionally, SAPD conducts a comprehensive annual performance review covering key contract requirements to evaluate contract compliance. This comprehensive review also encompasses verifying compliance with environmental regulations. Finally, SAPD has developed procedures to monitor AWS compliance with State notification requirements for impounded vehicles. However, we identified an area in need of improvement as described below.

A. ARIES Access

Some users had inappropriate access to ARIES.

Of the 349 COSA users with access to ARIES, 24 users (about 7%) are not current City employees and no longer require access.

Administrative Directive (AD) 7-8D Access Control states that access to COSA IT assets must be disabled upon separation of the employee. Finally, all COSA Information Systems must be periodically screened for inactive accounts.

Inappropriate access to ARIES occurred because neither the SAPD nor AWS has a formal process in place to periodically review SAPD users. The lack of periodic user access reviews increases the risk of potential unauthorized users, inappropriate access, and unauthorized modification of data.

Recommendation

The Chief of Police should implement a formal monitoring process to ensure access to the ARIES system is properly restricted.

Appendix A – Staff Acknowledgement

Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager
Douglas Francis, Auditor in Charge
Sheryl Wardashki, CPA, Auditor IV

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3968

November 19, 2019

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

RE: Management's Corrective Action Plan for SAPD Growdon Road Vehicle Impound Lot

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

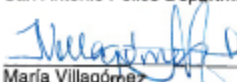
Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
1	ARIES Access The Chief of Police should implement a formal monitoring process to ensure access to the ARIES system is properly restricted.	3	Accept	Richard Riley, Assistant Police Director	End of Q1, 2019
Action plan: On a quarterly basis, the SAPD Contract Coordinator will compare the list of active SAPD employees (sworn and civilian) with the list of ARIES users provided by subcontractor Auto Return. Upon review of each report, SAPD Contract Coordinator will notify subcontractor Auto Return of any required access removal (terminations, separations, indefinite suspensions, etc.) A spreadsheet will be maintained of active and inactive users.					

SAPD is committed to addressing the recommendations in the audit report and the plan of action presented above.

Sincerely,


William P. McManus
Chief of Police
San Antonio Police Department

NOV 20 2019
Date


Maria Villagómez
Deputy City Manager
City Manager's Office

11/26/19
Date