SUBJECT: Audit Report 2009-05 - Parking - Tow Procedures
(CM09018) (City Wide)

RECOMMENDATION:

(a) That Report CM09018 respecting Audit Report 2009-05, Parking – Tow Procedures, be received; and

(b) That the management action plans as detailed in Appendix “A” of Report CM09018 be approved and the General Manager of Planning and Economic Development direct the appropriate staff to have the plans implemented.

Ann Pekaruk
Director, Audit Services
City Manager's Office

EXECUTIVE SUMMARY:
The 2009 Internal Audit work plan approved by Council included an audit of Parking Enforcement towing procedures. The results of the audit are presented in a formal audit report containing observations, recommendations and management responses attached as Appendix “A” of Report CM09018.

BACKGROUND:
Under relevant legislation (Highway Traffic Act, Storage & Liens Act) and municipal by-laws (01-216 to 01-220), the City of Hamilton may remove vehicles that are in violation of these by-laws from City streets, boulevards and private or municipal property. Municipal law enforcement officers (MLEOs) are responsible for the enforcement of the by-laws, mainly in response to complaints received.
Under Contract C2-02-06, the City has retained an agency to carry out towing activities. The City bills the company a vehicle processing fee of $50 for each vehicle that is towed at the request of an MLEO.

In 2008, there were 598 tows carried out.

The audit fieldwork was completed in April, 2009. The results of this audit are attached as Appendix “A” of Report CM09018.

The Audit and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

**ANALYSIS/RATIONALE:**

The audit examined the processes used for enforcing applicable parking by-laws as to their effectiveness and strength of controls. Compliance with applicable City policies was assessed. In addition, the administration and collection of the fees owed to the City by the tow agency were reviewed.

Overall, the results of the audit work were positive. Operationally, towing activities are handled well and in compliance with by-laws and departmental procedures.

The three (3) resulting recommendations deal with minor issues yet are noted so they can be addressed with minimal effort to support accuracy in reporting and collection of revenues due. The recommendations are:

- The towing procedures require annual review and updating, as necessary.
- Coding of tow complaint resolution in a consistent manner in the Hansen system would provide more accurate tracking and summary reports.
- Vendor performance in regard to payment of fees owing to the City as per the terms of the contract should be monitored and noted for consideration when the contract comes up for renewal.

**ALTERNATIVES FOR CONSIDERATION:**

Not applicable.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

None.

**POLICIES AFFECTING PROPOSAL:**

Highway Traffic Act, Storage & Liens Act
City By-laws 01-216 to 01-220
RELEVANT CONSULTATION:
The attached Report includes management action plans which reflect the responses of management and staff responsible for Parking towing activities as described above (Parking and By-law Services Division of the Planning and Economic Development Department).

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

- Community Well-Being is enhanced.  
  - Yes  
  - No

- Environmental Well-Being is enhanced.  
  - Yes  
  - No

- Economic Well-Being is enhanced.  
  - Yes  
  - No

City Council's strategic commitment to "Best Practices - Best Value" under "A City That Spends Wisely and Invests Strategically" is addressed through audits and reviews and their subsequent follow up to ensure controls are in place to protect the assets of the City and promote efficient, effective and economic services and programs.

Does the option you are recommending create value across all three bottom lines?  
- Yes  
- No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  
- Yes  
- No

ap:dt
Attachment – Appendix “A”
## OBSERVATIONS OF EXISTING SYSTEM | RECOMMENDATION FOR STRENGTHENING SYSTEM | MANAGEMENT ACTION PLAN

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<td>1. Procedures</td>
<td>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. 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.</td>
<td>That the Towing procedures be reviewed annually to ensure that they remain current and are appropriately and consistently applied.</td>
<td>Agreed. Effective immediately, the tow procedures will be reviewed and updated by staff on an annual basis.</td>
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<td>2. Summary Reports</td>
<td>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. 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) where 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. 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.</td>
<td>That the “TO” code be used when resolving (completing) all tow related complaints that result in a vehicle being towed to ensure the completeness of summary information. That the procedures referenced in #1 be updated to reflect this change.</td>
<td>Agreed. The “TO” code is now used for all resolved tow related complaints. Agreed. See #1 above.</td>
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### Vendor Performance

3. **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.

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<td>3.</td>
<td>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 <strong>Vendor Performance – Incident Reporting Form</strong> 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.</td>
<td>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.</td>
<td>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.</td>
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