

**INTERNAL AUDIT OF
TRAFFIC INCIDENT MANAGEMENT SERVICES (T.I.M.S.)
CONTRACTORS
January 26, 2021**

AUDIT AUTHORIZATION

An audit of the Traffic Incident Management Services Contractors of the Columbus Consolidated Government was requested by John Redmond on October 8, 2019 and approved unanimously by the nine members of City Council present at the meeting. Councilor Huff was absent for the vote.

BACKGROUND/HISTORY

The OCGA Title/Chapter 40-11 governs the handling and disposal of Abandoned Vehicles in the State of Georgia. This law underwent numerous changes in 2019, some of which were a bit difficult to understand. The Towing and Recovery Association of Georgia (TRAG) is the trade organization for towing companies. They published The AMV Cookbook 2019 to aid these companies with understanding and implementing the changes in the statutes.

The City of Columbus has contracted for Traffic Incident Management Services for many years from local towing companies. When Police Officers are dispatched to the site of an automobile accident or to an abandoned vehicle along a city road or highway within the boundaries of the Columbus Consolidated Government, and it is determined the vehicle is immobile and must be transported, the officer asks

the vehicle operator if they have a preferred towing company to call, or if not, they will request the city's contracted towing company to transport the vehicle to their storage lot. In either case, the police officer contacts the Emergency-911 call center and requests the towing company be dispatched to the location. In most cases, the contracted towing company provides the service. The E-911 dispatcher calls the towing contractor, and their dispatcher sends an appropriate vehicle to the site of the disabled vehicle. The disabled vehicle is loaded on the towing vehicle and is taken to their storage lot, for secure storage until either the owner, or the owner's agent arranges for the vehicle to be transferred to a repair shop or other location. The contractor bills the contractually approved rate for the towing service, and a winching fee, (If extraction is from a ditch, canyon, creek, lake, or river, etc.). Once on the storage lot, a daily storage fee accrues until the vehicle is claimed by the owner, owner's agent, or is sold at auction, as approved by the Magistrate Court. For vehicles that are not claimed by the owner, the T.I.M.S. contractor, according to Georgia Law, prepares an affidavit for Magistrate Court, detailing the vehicle information, the date towed, the accrued charges to date, and request for authorization for disposal of the vehicle through public auction. If approved by the court, the contractor advertises the pending sale of the vehicle in the legal organ designated by the local government (Columbus Ledger-Enquirer). Once the public auction is held and the vehicle is sold, the contractor prepares a final affidavit, reflecting the auction sales price, a total of the detailed charges accrued up through the date of sale, and the gain or loss on sale. In most cases, the charges exceed the sales price, and the contractor retains the proceeds as payment for services rendered. In the event the sales price exceeds the total accrued changes of the contractor, payment of the proceeds exceeding of the charges, is remitted with a copy of the final disposition affidavit to the Magistrate Court for sales prior to October 1, 2019 and to the Georgia Department of Revenue for sales on or after that date.

AUDIT SCOPE

The purpose of the audit is to assess compliance to the provisions of the T.I.M.S. Contract by each for the contractors, including performance against the metrics included in the contract. Subsequently, the findings and any recommendations are provided to the contractors for improvement or remedy, to achieve compliance with the contract.

AUDIT PROCESS

The audit process includes the development of an audit program based on the terms of the contract and the representation of the bidder(s) during the bid process that is included with the contract. Once the audit program is developed, the auditees are contacted to schedule an Entrance Conference.

The purpose of the entrance conference is to meet the auditee, discuss the audit process, including review of records and the types of records needed, a tour of the office and storage lot facilities, the storage area for vehicles on police-hold, out-buildings, and the lot where vehicles for auction are stored.

Typical items reviewed are tows by date and time, response time from notification to arrival at towing scene, Affidavit for Disposition of Abandoned Motor Vehicle form presented to the Magistrate Judge for vehicle to be auctioned with judicial approvals, advertisements of notice to be sold, copies of settlement sheets including sales price, details of charges for services, and the gain or loss on sale. If gains exist, disbursement to the appropriate government authority are verified. Schedules of auction dates are requested for audit observation of one or more audits of the process, and the follow-through to the completion of the sale.

Vehicle storage is important to ensure the safety and security of the lot, and to determine the adequacy of storage space for the number of vehicles the contractor stores. While the bid specifications state the minimum vehicle storage capacity of the lot, consideration must be given to the total vehicles stored, including private and club tows, TIMS contract tows, and frequency of auctions, each of which affects the adequacy of storage lot size. Vehicles on police-holds (Investigative Tows) are normally stored in a separate lot or in an enclosed storage facility to protect the integrity of evidence or damage to the vehicle in cases of death, or evidence contained in the vehicle if an alleged criminal act occurred involving the vehicle. These vehicles may remain in a police-hold status for quite some time.

Service to citizens and city visitors served under the T.I.M.S. contract is important, as is their perception of quality of service, timeliness of service, protective care for their vehicle, quick access to their vehicle at time of retrieval, and the reasonableness of charges, as allowed under the contract. Complements or

complaints from customers, police officers, insurance agents, or other involved parties is important to the assessment of service quality.

Contractor response time to arrival, clean-up of the scene, and removal of the vehicle(s) is also very important to the Columbus Police Department or other law enforcement agencies covering an accident or a disabled vehicle. Police officers are taken out of service from patrol duties while they are serving in this capacity. With the shortage of officers on the force, it is most important that this time be minimized as much as possible.

At the conclusion of the Entrance Conference, the auditor also discusses the process at the conclusion of the audit; including an exit conference to discuss the findings of the audit, any audit recommendations, and the scheduling of its presentation to City Council. It is important that the auditee can be present at that event, should members of City Council have questions or comments for them.

AUDIT FINDINGS

Each contractor averaged about fifty T.I.M.S. tows per month over each of their most recent contract periods. The variation in number of tows per month were normally between forty and sixty tows per month.

The outgoing contractor (Columbus Towing & Recovery) had one final sale of a city -contracted vehicle that was sold at the beginning of the audit. The company settled the account of \$160 with the Magistrate Court the following day, concluding its activity with the city contract.

Their physical facility, located at 4332 Old Cusseta Road adjacent to I-185, consists of approximately 11 Acres of land, fenced/barbed wired and screened, with an office building, a parking lot, a shop/vehicle storage building, and a spacious area of graveled and sodded land for vehicle storage. All police-held vehicles (investigative tows) were securely stored in an enclosed building, with restricted access. The storage capacity for towed vehicles was estimated at 1000-1100, with ample room for driveways to access all vehicles with towing or hauling equipment.

This contractor had ample towing and hauling equipment and staff to serve the City's needs, the T.I.M.S. contract, and his private towing customers.

The average elapsed time from dispatch to arrival at tow site was 16-17 minutes.

Complaints from customers, Columbus Police Department, auction bidders and other parties were rare, and were resolved without City intervention. This vendor served multiple, consecutive 5-years contract terms, for approximately fifteen to twenty years.

Following a bid process in late 2018 into early 2019, that was potentially compromised, the City's Internal Auditor recommended cancellation of the bid and that a rebidding occur. In the rebidding process, the City Council decided to specify that the T.I.M.S. Contract could be awarded to multiple qualified vendors. On the rebid, Griffin & Griffin Towing, Inc. submitted the only qualifying bid, and was subsequently awarded the bid by City Council.

The Auditor asked the owners of Columbus Towing and Recovery why their company did not resubmit a bid. The answer was that they had invested heavily in buildings, land and towing equipment that was fully staffed, and they could not have their equipment and equipment operators working on a rotational basis, be it a daily, weekly, or monthly rotation, as their employees would leave employment if they could only work part-time.

Following the award of the bid to the new vendor, the company downsized its towing fleet, assisting operators in finding other suitable employment. Their facility was too large for its private business, so the owners proceeded to sell off its equipment, assist its employees in finding other employment. In May 2020, they closed the business and leased the facility to Cole Towing Company. That company purchased a sizable portion of the equipment and hired some members of the staff in their effort to grow their business.

Upon the award of the T.I.M.S. contract, Griffin & Griffin Towing, Inc. quickly assumed the contract as it had gone to a month-to-month extension with Columbus Towing and Recovery. The existing inventory of abandoned vehicles were moved from the facility of the former contractor to that of Griffin & Griffin Towing, Inc. located at 1257 Metro Drive in the Merry Acres Industrial Park. Their current property was 2.2 Acres, and they obtained the parcel of land and building adjacent to their south side, and roughly doubled the size of their facility to about 4.5 Acres, to take on the additional business of the City Contract and their other growing lines of business.

Early in the contract, the City received numerous complaints about this vendor, primarily about response time and charges they deemed to be excessive. Many of these came through the Columbus Police Department. After the review of charges during the audit, the auditor brought the matter to the attention of the Purchasing Division, which reached out to the vendor for discussion. The vendor explained that several charges being assessed were “industry standard” and were routinely charged to their other customers, when applicable. Purchasing staff explained to the vendor that only certain charges at prescribed amounts were eligible for charging to the customer under this contract. The vendor (T.I.M.S. Contractor) agreed to cease making those charges and to refund those amounts to customers that were charged for them, over a six-month period. Further discussion with the contractor by the auditor revealed that many had been refunded, but other could not be reached to make the refund.

There were also complaints about damage to vehicles, either in the extraction or towing process, or in the movement and storage of vehicles on the storage lot. Much of this seems to relate to the necessity of lifting or pushing stored vehicles, end to end in the lot, to make space for them all to fit. Many of these complaints came through or from police personnel. In several instances, the damage accidentally inflicted to these vehicles affected the quality of evidence on police-holds for investigations.

While the issues were concerning at the time, the results improved considerably during the next six months from Mid-March to Mid-September 2020. Response times improved and unauthorized charges diminished. The auditor attributes the issues to several reasons. The vendor had a learning curve to overcome with the new procedures and charges, there was some misunderstanding of the contract and how it differed from their private business lines, and there were extensive changes to the Georgia Laws governing the process relating to the abandoned vehicle statute. Also, the owner advised that his company was able to reduce response times by strategically locating towing vehicles in various parts of the city, some near locations adjacent to frequent calls and others in the outlying areas that were time-consuming to reach from their base location.

The results of these changes in practice and understanding have resulted in response times averaging in the 20-23-minute range, which is close to the target

average response time of 20 minutes. Increases in the number of towing vehicles and operators had also improved response time and allowed an accident scene to be clear faster, which enables the police officer(s) to return to duty quicker.

Abandoned vehicles are auctioned as prescribed by Georgia Law, following a holding period for the owner to make claim and pay outstanding charges. The contractor must file an affidavit with the Magistrate Court of the municipality for permission to sell the vehicle, advertise the pending sale of abandoned vehicle in the Legal Ads of the official news organ of the location of the government, announcing the date, time, and location of the auction. Typically, these are live auctions, held several times per month at the contractor's storage lot or at an alternative site where the vehicles can be securely stored. Following the Covid-19 Pandemic arrival to Columbus in March 2020, the contractor was unable to hold such events following orders by Georgia Governor Kemp and Mayor Henderson of Columbus, to restrict the size of public gatherings. The vendor then resorted to online auctions via E-Bay. These have continued up to this point, and likely will, until restrictions on public gathering sizes are relaxed or rescinded.

The Internal Auditor attended and monitored the auction process at the live auction on March 16, 2020. The auction process was professionally conducted and observed by representatives of the Columbus Police Department. Twenty vehicles were scheduled for auction on that date, 19 were sold at auction and 1 was withheld for a future sale as its Vehicle Identification Number did not match the vehicle advertised. CPD plays a key role in their attendance at the auction. They verify the Vehicle Identification Numbers match that of the vehicles advertised for auction and inspect the vehicles to ensure all parts of the vehicle are intact. The next live auction was scheduled for April 1, 2020, but that was cancelled due to the orders from the governor and mayor on restriction of public gatherings.

The main issue that looms is the need for a larger storage yard, with improved access to the vehicles for easy access and removal, as necessary. The frequency of auctions and the average number of days vehicles are stored before disposal influences the storage lot capacity needed.

AUDIT RECOMMENDATIONS

1. Comply with the terms of the contract. Request clarification or additional information, if necessary.
2. Consider obtaining a larger storage lot to allow for storage of at least 750 vehicles to allow adequate space for vehicle access and retrieval, without need push and stack vehicles end to end.

AUDITEE RESPONSE

The auditee noted that they had some issues that needed to be resolved early in the contract period. They have strived to improve in those areas through efforts to continually improve their service and efficiency of operation, including initial response time, time to load vehicle and clean up accident sites, limiting charges to those authorized by contract, and expanding their facilities and improving their auction capabilities and logistical support of auctioned vehicles.

The auditee acknowledged the need for a larger storage space and is acquiring additional adjacent space to its current location. Additionally, it leases an additional secured facility off Miller Road for its vehicles scheduled for auction. This enables potential bidders the opportunity to visit the lot in advance of the on-line or live sale to inspect the vehicles, while leaving other vehicles securely stored at their main facility on Metro Drive. The vendor has also created a payment location at the auction lot site for buyer convenience. An added incentive offered by Griffin & Griffin Towing Company is that their company will provide free delivery of auctioned vehicles to buyer locations in the Columbus or Phenix City area.

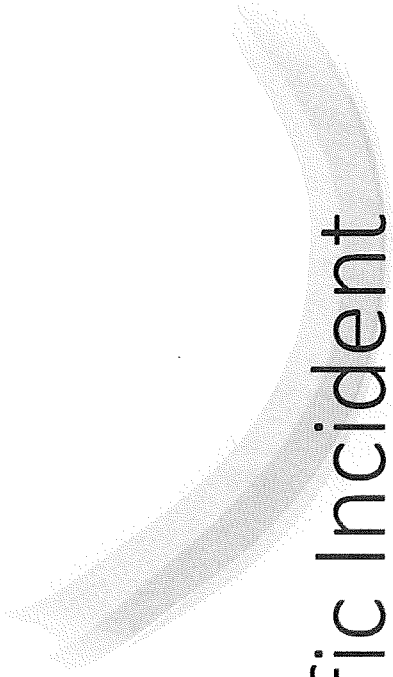
QUESTIONS?

John D. Redmond


John D. Redmond, CIA, CMA
Internal Auditor & Compliance Officer

1/26/2021

Date



Compliance Audit of Traffic Incident Management Services Contractors



Presented by: John D. Redmond, CIA, CMA
Internal Auditor & Compliance Officer
January 26, 2021

Audit Authorization

- The audit of Traffic Incident Management Services Contractors was approved unanimously by the nine members of City Council present on October 8, 2019. Councilor Huff was absent for the vote.

Background/History

- The City contracts with one or more vendors to provide towing and storage services for disabled or abandoned vehicles. (T.I.M.S.)
- OCGA Title 40-Chapter 11 governs the handling and disposal of Abandoned Vehicles in the State of Georgia
- Contractor bills vehicle owner for towing & storage services rendered, based on contractually allowed charges

Background/History

- Columbus Towing And Recovery held the contract for 15+ years
- Bids were requested in 2018 for a five-year contract beginning in 2019
- Bidding process was potentially compromised by contractor/City Council contact during bid process
- Internal Auditor recommended that the bid process be cancelled and re-bid

Background/History

- Bids were reissued, but with a caveat for multiple contractors to be awarded the bid
- Griffin & Griffin Towing Company was the lone bidder and awarded the contract, taking over in June 2019, following a month-to-month extension with Columbus Towing and Recovery

Audit Scope

- As a Compliance Audit with a vendor, the scope is based on Contract Compliance
- Contractual Compliance has several elements:
 - Physical Capability in terms of Building, Equipment, Staffing, & Storage Yard
 - Availability and Timeliness of Service
 - Billing of Customers, consistent with Contractual Terms

Audit Scope

- **Contractual Compliance (Continued)**
 - Disposal of Abandoned Vehicle Consistent with OCGA Title 40- Chapter 11
 - Advertising Notice of Abandoned Vehicles in Legal Organ of Community
 - Requesting Permission of Magistrate Court to Auction Abandoned Vehicles
 - Advertising Public Auction
 - Conducting Public Auction
 - Consummating Sale of Auctioned Vehicles
 - Preparing Summary of Revenue less Allowable Expenses to Determine Money owed to government entities
 - Remitting of Monies Owed to Government(s)

Contractual Compliance

- Customer Service
 - Timely arrival to towing scene
 - Exercising care with the customer's vehicle
 - Charges consistent with contractual agreement
 - Ready access to vehicle during storage or at retrieval time

Audit Process

- Preparation of audit program based on contract specifications and vendor representations during the bidding process
- Entrance Conference with vendor to discuss areas of review and tour vendor facilities
- Statistical Review of performance data
 - Tows per month
 - Elapsed time from Dispatch to Arrival at Towing Scene
 - Elapsed time from arrival to clearing of scene

Audit Process

- Review of Revenue and Expenses and Profit or Loss for each tow
- Review of Abandoned Vehicle Affidavits submitted for Judicial Approval to auction
- Review of Comments and Complaints Received
- Review of Payments made to courts for surplus funds

Audit Process

- Develop a listing of findings and recommendations
- Preparation of Draft Audit Report
- Exit Conference with Auditee
- Incorporation of Auditee Responses

Audit Process

- Preparation of Final Audit Report
- Presentation to City Council

Audit Findings

- Each contractor averages about 50 – 60 tows/month on contract
- Columbus Towing & Recovery made final settlement on last vehicle of \$160 to Magistrate Court at commencement of audit
- Columbus Towing & Recovery operated a 11+ Acre facility on Old Cusseta Road
- Long-term contractor will minimal complaints

Audit Findings

- Columbus Towing & Recovery had ample equipment and staff to provide an Initial Arrival time of 16-17 minutes
- Griffin & Griffin Towing Company won the bid (sole bidder) in June 2019, and immediately began providing service
- Griffin & Griffin Towing Company expanded their Yard from 2.2 Acres to 4.5 Acres

Audit Findings

- Early in the contract, there were a lot of complaints regarding arrival times, damage to cars and fees charged by Griffin & Griffin
- Griffin & Griffin expanded their fleet and staffing to reduce time to arrival
- After consultation by Purchasing Division with vendor, charges were aligned with contractually allowed amounts

Audit Findings

- Abandoned vehicles were auctioned as required by OCGA Title 40-Chapter 11 and as approved by Magistrate Court Judge
- Auctions were observed to be professionally managed and also monitored by Columbus Police Department
- Auditor observed the March 16, 2020 live auction (last one held due to Covid-19 Restrictions) Vendor shifted to E-Bay online auctions after restrictions were implemented

Audit Findings

- Griffin & Griffin Towing Company dramatically improved service between March 2020 and September 2020
- Griffin & Griffin storage lot needs to be larger based on the number of vehicles stored; partially improved with off-site storage of vehicles approved for auction

Audit Recommendations

- Comply with all terms of the T.I.M.S. Contract. Request clarification or additional information as necessary
- Expand the storage lot for safer and more efficient storage and removal of vehicles

Auditee Response

- Efforts have been continually made to improve service capabilities and comply with contract by Griffin & Griffin
- Additional space, adjacent to current facility is being acquired to expand vehicle storage space
- Griffin & Griffin Towing Company now offers free, local delivery in Columbus/Phenix City area of vehicles purchased at auction

Questions

- Any questions?