



**OFFICE OF THE INTERNAL AUDITOR
CITY OF PROVIDENCE**

January 28, 2022

Tina Mastroianni, Acting City Clerk
Providence City Hall
25 Dorrance Street
Providence RI

Dear Madam Clerk,

I respectfully submit a review of tow contracts conducted by the Office of the Internal Auditor. The report provides findings of contract violations and recommendations to correct and prevent any potential future violations. The period of review is FY2019 through October 2021, with the recommendation to review further. Despite the request of additional information from the Commissioner's office, my office did not receive documents necessary to confirm the actual amount the city overpaid.

Sincerely,

A handwritten signature in blue ink that reads "Gina M Costa".

Gina M Costa
Internal Auditor

Enc.

IN CITY COUNCIL
FEB 03 2022

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

A handwritten signature in blue ink that reads "Tina L. Mastroianni".
CLERK

ACTING

Review of Tow Contracts, Bid by the Board of Contract and Supply

Completed by:

Gina M .Costa, Internal Auditor

January 28, 2022

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SUMMARY:

My office reviewed the blanket contract "Towing Services" as bid through the Board of Contract and Supply by Public Property for Fiscal Year 2020 through FY2022 and submit the following findings:

1. The vendor(s) did not adhere to their bid;
2. Accounts Payable at the department level did not refer to the blanket bid for pricing and overpaid the vendor up to \$113,000;
3. Tow slips are incomplete or illegible;
4. Vendor continued to perform duties without a purchase order;
5. Department did not properly manage expenses;
6. Outside departments were able to submit letters and commit funds on behalf of another department.

BACKGROUND:

The Commissioner of Public Safety ("Commissioner") is empowered by the Providence Code of Ordinances, Section 15-23 "Use of Towing Service Companies by Police Department" to maintain a list tow vendors. The Commissioner maintains a "Tow Service Policy, Rules & Regulations and Application to Perform Towing Services for the City of Providence" updated for 2022. This document clearly states the policies for towing and hiring of tow vendors.

There are two types of tow services the city contracts – primary tow services and abandoned vehicles. The primary tow services currently have eleven (11) vendors on the list that tow vehicles which have been in accidents, abandoned because of a police incident, snow emergencies, and illegal parking. These tows are at the expense of the vehicle owner. The vendor must meet the list of standards as set by the Commissioner and complete an application.

The second need for tow vendors is for abandoned vehicles and city vehicles. This service is publicly advertised and opened in accordance with the Board of Contract and Supply, and as stated in the Commissioner of Public Safety's policy.

Section 1: Introduction "**Abandoned Vehicle Tow Operator Defined**": An abandoned vehicle tow operator provides the exclusive towing, storage, auction, and demolition services for abandoned vehicles. A vendor is selected separate from the primary tow list by the Providence Board of Contract and Supply for the sole purpose of processing abandoned vehicles as defined by the RI Towing Storage Act".

On May 28, 2019, the Board of Contract and Supply awarded two vendors for the blanket bid for towing for FY2020 – State Towing Services, Inc ("State") and Coletta's Downtown Auto Service, Inc ("Colletta's"). On March 2, 2020, the City exercised the option to resume the contract for FY2021. The bids remained the same. For FY2022, the city put the item back out to bid and again awarded it to the same two vendors at the same bid prices. Exhibit 1 identifies a summary of the vendors' bids.

A letter dated October 26, 2021 requesting approval to pay State Towing Services for towing Services in FY2022 in the amount of \$99,735.00 was introduced at a pre-board meeting (Board of Contract & Supply). It was held pending further review.

Exhibit 1. Bids submitted by Vendors

B2:K38B1B2:B2:J33+B2:J27 FY2020 Blanket Contract for Towing Services Awarded Light Duty Vehicles (G.V.W. 11,000 or under) (Wrecker of Flat Bed)	Tuesday, May 28, 2019 FY2020 BIDS			Monday, August 2, 2021 FY2022 BIDS		
	Coletta's	State		Coletta's	State	
Within City Boundaries						
Day (7am - 5pm)	85.00	35.00	Flat Rate	85.00	35.00	Flat Rate
Night (5:01 pm to 6:59 am)	95.00	35.00	Flat Rate	95.00	35.00	Flat Rate
Outside City Boundaries						
Day (7am - 5pm)	85.00	35.00	per hour	85.00	35.00	per hour
Night (5:01 pm to 6:59 am)	95.00	35.00	per hour	95.00	35.00	per hour
Medium & Heavy Duty Vehicles (over 11,001 G.V.W.)						
Within City Boundaries						
Day (7am - 5pm)	125.00	no bid	Flat Rate	125.00	no bid	Flat Rate
Night (5:01 pm to 6:59 am)	135.00	no bid	Flat Rate	135.00	no bid	Flat Rate
Outside City Boundaries						
Day (7am - 5pm)	90.00	no bid	per hour	90.00	no bid	per hour
Night (5:01 pm to 6:59 am)	90.00	no bid	per hour	90.00	no bid	per hour
Miscellaneous Equipment Transport (Low Boy Trailer/Landoll trailer)						
From Porthole to Porthole	185.00	no bid	per hour	185.00	no bid	per hour
Specialty Vehicle Service						
From Porthole to Porthole	100.00	no bid	per hour	100.00	no bid	per hour
All-terrain Vehicles (ATVs)						
Within City Boundaries						
Day (7am - 5pm)	150.00	35.00	flat rate	150.00	35.00	flat rate
Night (5:01 pm to 6:59 am)	150.00	35.00	flat rate	150.00	35.00	flat rate
Boats and Other Items (items stored in company's lot)						
Within City Boundaries						
Day (7am - 5pm)	2,250.00	1,050.00	flat rate	2,250.00	1,050.00	flat rate
Night (5:01 pm to 6:59 am)	2,250.00	1,050.00	flat rate	2,250.00	1,050.00	flat rate

Blanket contracts are awarded annually with a total cap and a department cap, based on the department's budget. Exhibit 2 shows the breakdown of the cap by department.

Exhibit 2. Budget Cap by Department for Towing Services

Department	Fiscal Year		
	2020	2021	2022
Fire	6,500	6,500	2,500
DPW	3,000	3,000	5,000
Public Property	2,500	2,500	800
Police ^ *	15,000	43,725	40,000
Parks	5,000	5,000	4,000
Water Supply	20,000	20,000	20,000
Total Award	52,000	80,725	72,300

^ On 6/22/2020, the Department of Inspection and Standards submitted a change order on behalf of the Police department to add \$28,725 to increase enforcement of abandoned trailers, boats and campers in city streets.

* On 7/7/2021, the Police Department submitted a request to pay State Towing \$168,625

FINDINGS:

1. Vendor did not adhere to the pricing in the bid.

The tow slips reviewed were from the Police Department for State towing for the period of June 2020 through May 2021. This time period is reflective of the July 7, 2021 request to pay \$168,625.00 beyond the department's FY2021 budget. The October 26, 2021 letter (asking to pay \$99,735 to State Towing) was the second letter to pay in excess of the original award and covers June 2021 through September 2021. Exhibit 3 shows how much each vendor received by fiscal year based on the date the check was created. Based on these numbers, the focus of this review is State Towing. However, the same recommendations should be for both vendors.

Exhibit 3. Amount Paid

Total Amount Paid to Vendors by Fiscal Year (Cash basis)		
	State	Coletta's
FY2020	14,135.00	8026.04
FY2021	48,445.00	3864.75
FY2022*	226,780.00	2631.25

*\$99,375 outstanding from 9/30/2021 for Police Department

Attachment 1, Attachment 2 and Attachment 3 are three tow slips for tows within City limits. The charges are \$50.00, \$70.00, and \$80.00 respectively. Exhibit 1 shows the vendor bid \$35.00 per tow.

Attachment 4 shows a tow of a "Verizon truck" from Allens Avenue to "Shop" for a fee of \$2,300.00. It is difficult to determine if this qualifies as a heavy duty vehicle, in which State Towing should not be towing since they did not bid on this, or it could be in the area of "other" with boats and campers, in which the charge should have been \$1,050.00

Attachment 5 is an example of towing a camper. Exhibit 1 shows the vendor bid \$1,050.00 to tow a camper. However, this tow slip charged the City \$5,000.

2. Accounts Payable at the department level did not refer to the blanket bid for pricing and overpaid the vendor.

Using the above referenced attachments, the Police Department should have referred to the blanket contract and decreased the amount of the payment to State Towing. If the department is unsure what to do, they should have asked Purchasing and/or the Law Department.

The city potentially overpaid State Towing approximately \$113,000 during the period of June 2020 through May 2021. Exhibit 4 is a summary of tow slips reviewed. The assumption is that all tows are \$35.00 unless billed above \$1,050.00. Any billed at \$1,050 or greater are capped at \$1,050.00. Other than the towing of department vehicles outside of the city limits (which are billed \$35.00 per hour), there should not be any discrepancies. Any work beyond the towing of a vehicle changes the specifications of the original bid and requires new specifications and a new contract. Exhibit 4 shows the variance of the amounts charged by invoice.

Exhibit 4. Summary of Tow Slips Reviewed by Invoice

	Invoiced	Bid Prices	Variance
1100	7,320	1,260	6,060
1101	3,100	1,470	1,630
1103	39,580	12,110	27,470
1104	5,220	1,610	3,610
1105	25,360	7,770	17,590
1106	25,860	8,890	16,970
1107	23,880	6,685	17,195
1108	14,200	5,425	8,775
1109	12,360	5,600	6,760
1110	7,925	2,275	5,650
1111	3,060	1,365	1,695
	167,865	54,460	113,405

3. Tow slips are incomplete or illegible

It is difficult to determine the exact amount overpaid to the vendor because of inconsistencies in the tow slips. There are per hour rates for towing outside city boundaries, but if you are unable to read the time or the time is not included, then it is impossible to confirm the rate charged. The City should ensure that all of the proper information is included before any payments are made.

4. Vendor continued to perform duties without a purchase order

In Exhibit 2, the Police Department had a budget of \$43,725 for towing in FY2021, based on the Board of contract & supply award letter. On June 25, 2021, the department obtained a \$15,000.00 purchase order

which covered invoices dated from June 2020 (FY2020) through August 2020. On July 9, 2021, the department paid invoices dating back to June 2020 (FY2020) and, also requested to pay \$168,625.00 to State Towing for the period of August 2020 through May 2021.

The Police Department had \$40,000.00 approved by the Board of Contract and Supply for FY2022. On October 27, 2021 (FY2022), the department paid \$40,000.00 for May 2021 (FY2021) and June 2021 (FY2021). The department has zero dollars remaining for towing for FY2022 unless a change order to the current contract is requested and funds are identified. Rather than a change order request, the department submitted a request to pay State Towing \$99,735.00 to cover invoices from June 2021 (FY2021) through September 2021 (FY2022). This request initiated the review.

5. Department did not properly manage expenses

The department overspent the line item that includes towing. The budget for the Police Department line item "Repairs to Autos and Trucks" (52192) was \$104,000 for FY2021. The total amount spent was \$256,193.30 (audited). The amount for towing was \$43,725.00. This is the importance of purchase orders. There is no way to track expenses if vendors continue to do work without approval via purchase order. Additionally, there are FY2020 bills included in the FY2021 audited total, and FY2021 in the FY2022 budget. There is no proper oversight of this service by the department. Invoices are being paid with

6. Outside departments were able to submit letters and commit funds on behalf of another department

On June 22, 2020, the Board on Contract and Supply approved a change order in the amount of \$28,725.00 as requested by the Acting Director of Inspections and Standards, using the Police Department budget for available funds. The purpose was for increased enforcement of towing of abandoned vehicles, boats, and trailers. There was no endorsement from the Police Department for this change order. Due to approval of payments, one can assume support of the change order.

RECOMMENDATIONS:

The focus of the review was State Towing. However, these recommendations are for both Coletta's and State.

1. Review all tow slips dating back to FY2019 and determine if there is a difference in the bid to what the vendor charged;
2. Request that the Law Department opine on the \$99,735.00 that State towing claims is owed to them dating back to June 2021 (\$40,000.00 purchase order has already been exhausted). Consider using the credit from the overpayment to cover the \$99,735.00;
3. Require the vendor to submit bills monthly, at a maximum to determine if the purchase order is being overspent. Require invoices weekly if the bills exceed \$10,000 threshold;
4. Require the vendor to submit complete and legible tow slips;
5. Put controls in place by educating vendors that they cannot continue service until a new purchase order is issued; and
6. Educate and/or retrain employee who are involved in accounts payable about the importance of purchase orders and blanket contracts;

7. Assign an individual to monitor the towing of vehicles to prohibit this from continuing. The \$99,735 outstanding only covers through September 2021.
8. Determine the cause of the massive increase in cost to towing and create new specifications or have a plan in place to control the costs.
9. Prohibit departments to commit funds of another department. The Police Department should have

STATE TOWING SERVICE, INC.**24 HOUR TOWING**

RI DPU# MC769 FED ID#05-0460688

380 VALLEY ST. PROVIDENCE, RI 02908

401-331-0925 Fax 401-331-8106

statetowingservice3310925@yahoo.com

CITY
OF PROVIDENCE

DATE 9/1/07	TIME 2:15 P.M.	A.M. P.M.	REQUESTED BY P. Police CAR										
LOCATION OF VEHICLE													
NAME		PHONE											
ADDRESS		ZIP											
MILEAGE		SERVICE TIME											
FINISH		FINISH											
START		START											
TOTAL		TOTAL											
EXTRA PERSON		DRIVER											
FINISH		FINISH											
START		START											
TOTAL		TOTAL											
YEAR	MAKE / MODEL / COLOR	DRIVER											
STATE RI	LIC. NO. 331-057	VEHICLE I.D. NO. 1671E5SA8DF171678											
<input type="checkbox"/> SLING/HOIST TOW <input type="checkbox"/> WHEEL LIFT <input checked="" type="checkbox"/> FLAT BED/RAMP <input type="checkbox"/> START <input type="checkbox"/> LOCK OUT		<input type="checkbox"/> FLAT TIRE <input type="checkbox"/> OUT OF GAS <input type="checkbox"/> WRECK <input type="checkbox"/> RECOVERY											
<input type="checkbox"/> SINGLE LINE WINCHING <input type="checkbox"/> DUAL LINE WINCHING <input type="checkbox"/> SNATCH BLOCKS <input type="checkbox"/> SCOTCH BLOCKS <input type="checkbox"/> DOLLY		<input type="checkbox"/> SPECIAL EQUIPMENT											
VEHICLE TOWED TO ROCKFORD ST.													
REMARKS In acceptance of my vehicle and payment in full of all charges, I hereby release State Towing Service, Inc. and their employees of any future claims.		<table border="1"> <tr> <td>MILEAGE CHARGE</td> <td></td> </tr> <tr> <td>TOWING CHARGE</td> <td>50.00</td> </tr> <tr> <td>LABOR CHARGE</td> <td></td> </tr> <tr> <td>STORAGE CHARGE</td> <td></td> </tr> <tr> <td>TOTAL</td> <td>50.00</td> </tr> </table>		MILEAGE CHARGE		TOWING CHARGE	50.00	LABOR CHARGE		STORAGE CHARGE		TOTAL	50.00
MILEAGE CHARGE													
TOWING CHARGE	50.00												
LABOR CHARGE													
STORAGE CHARGE													
TOTAL	50.00												
OPERATOR'S SIGNATURE Luis BILBAO													

AUTHORIZED SIGNATURE

Road Service

PRODUCT 613

F

1287

STATE TOWING SERVICE, INC.

24 HOUR TOWING

RI DPU# MC769 FED ID#05-0460688

380 VALLEY ST. PROVIDENCE, RI 02908

401-331-0925 Fax 401-331-8106

statetowingservice3310925@yahoo.com

DATE 8-1-20	TIME	A.M. P.M.	REQUESTED BY KPD.
LOCATION OF VEHICLE DIST-2			
NAME		PHONE	
ADDRESS		ZIP	
MILEAGE		SERVICE TIME	
FINISH		FINISH	
START		START	
TOTAL		TOTAL	
EXTRA PERSON		FINISH	
START		START	
TOTAL		TOTAL	
YEAR	MAKE / MODEL / COLOR 1998 Explorer	DRIVER	
STATE RI	LIC. NO. 377	VEHICLE I.D. NO.	
<input type="checkbox"/> SLING/HOIST TOW <input type="checkbox"/> WHEEL LIFT <input type="checkbox"/> FLAT BED/RAMP <input type="checkbox"/> START <input type="checkbox"/> LOCK OUT		<input type="checkbox"/> FLAT TIRE <input type="checkbox"/> OUT OF GAS <input type="checkbox"/> WRECK <input type="checkbox"/> RECOVERY	
<input type="checkbox"/> SPECIAL EQUIPMENT <input type="checkbox"/> SINGLE LINE WINCHING <input type="checkbox"/> DUAL LINE WINCHING <input type="checkbox"/> SNATCH BLOCKS <input type="checkbox"/> SCOTCH BLOCKS <input type="checkbox"/> DOLLY			
VEHICLE TOWED TO BUCKINGHAM			
REMARKS		MILEAGE CHARGE	
In acceptance of my vehicle and payment in full of all charges, I hereby release State Towing Service, Inc. and their employees of any future claims.		TOWING CHARGE 70.00	
		LABOR CHARGE	
		STORAGE CHARGE	
		TOTAL 70.00	
OPERATOR'S SIGNATURE			
AUTHORIZED SIGNATURE			

STATE TOWING SERVICE, INC.

24 HOUR TOWING

RI DPU# MC769 FED ID#05-0460688
 380 VALLEY ST. PROVIDENCE, RI 02908
 401-331-0925 Fax 401-331-8106
 statetowingservice3310925@yahoo.com

DATE <u>1/3/10</u>	TIME	A.M. P.M.	REQUESTED BY <u>PPD car</u>
LOCATION OF VEHICLE <u>325 Washington St</u>			
NAME		PHONE	
ADDRESS		ZIP	
MILEAGE		SERVICE TIME	
FINISH _____		FINISH _____	
START _____		START _____	
TOTAL _____		TOTAL _____	
EXTRA PERSON		FINISH _____	
START _____		START _____	
TOTAL _____		TOTAL _____	
YEAR <u>10</u>	MAKE / MODEL / COLOR <u>Ford Explorer</u>	DRIVER	
STATE <u>RI</u>	LIC. NO. <u>212</u>	VEHICLE ID. NO. <u>1FMSK8AKHG-E13361</u>	
<input type="checkbox"/> SLING/HOIST TOW <input type="checkbox"/> WHEEL LIFT <input checked="" type="checkbox"/> FLAT BED/RAMP <input type="checkbox"/> START <input type="checkbox"/> LOCK OUT		<input type="checkbox"/> FLAT TIRE <input type="checkbox"/> OUT OF GAS <input type="checkbox"/> WRECK <input type="checkbox"/> RECOVERY	
SPECIAL EQUIPMENT <input type="checkbox"/> SINGLE LINE WINCHING <input type="checkbox"/> DUAL LINE WINCHING <input type="checkbox"/> SNATCH BLOCKS <input type="checkbox"/> SCOTCH BLOCKS <input type="checkbox"/> DOLLY			
VEHICLE TOWED TO <u>Bucklin</u>			
REMARKS		MILEAGE CHARGE <u>80.00</u> TOWING CHARGE LABOR CHARGE STORAGE CHARGE	
In acceptance of my vehicle and payment in full of all charges, I hereby release State Towing Service, Inc. and their employees of any future claims.		TOTAL <u>80.00</u>	
OPERATOR'S SIGNATURE <u>ivate</u>			

9 | Page AUTHORIZED SIGNATURE

Road Service

STATE TOWING SERVICE, INC.**24 HOUR TOWING**

RI DPU# MC769 FED ID#05-0460688

380 VALLEY ST. PROVIDENCE, RI 02908

401-331-0925 Fax 401-331-6106

statetowingservice3310925@yahoo.com

DATE 12-2-20	TIME 12:13	A.M. P.M.	REQUESTED BY PROV POLICE
LOCATION OF VEHICLE Albion Ave			
NAME		PHONE	
ADDRESS		ZIP	
MILEAGE		SERVICE TIME	
FINISH _____		FINISH _____	
START _____		START _____	
TOTAL _____		TOTAL _____	
EXTRA PERSON			
FINISH _____		FINISH _____	
START _____		START _____	
TOTAL _____		TOTAL _____	
YEAR	MAKE / MODEL / COLOR Vauxhall Truck		DRIVER
STATE	LIC. NO.	VEHICLE I.D. NO.	
<input type="checkbox"/> SLING/HOIST TOW <input checked="" type="checkbox"/> WHEEL LIFT <input type="checkbox"/> FLAT BED/RAMP <input type="checkbox"/> START <input type="checkbox"/> LOCK OUT		<input type="checkbox"/> FLAT TIRE <input type="checkbox"/> OUT OF GAS <input type="checkbox"/> WRECK <input type="checkbox"/> RECOVERY <input checked="" type="checkbox"/> ABC	
SPECIAL EQUIPMENT <input checked="" type="checkbox"/> SINGLE LINE WINCHING <input type="checkbox"/> DUAL LINE WINCHING <input checked="" type="checkbox"/> SNATCH BLOCKS <input type="checkbox"/> SCOTCH BLOCKS <input type="checkbox"/> DOLLY			
VEHICLE TOWED TO Shop			
REMARKS In acceptance of my vehicle and payment in full of all charges, I hereby release State Towing Service, Inc. and their employees of any future claims.		MILEAGE CHARGE	2300.00
		TOWING CHARGE	
		LABOR CHARGE	
		STORAGE CHARGE	
		TOTAL	2300.00
OPERATOR'S SIGNATURE			
AUTHORIZED SIGNATURE			

STATE TOWING SERVICE, INC.380 Valley Street
Providence, Rhode Island 02908

(401) 331-0925 • Fax: (401) 331-8106

INVOICE **9258**R.I.D.P.U. #MC-769
FID #05-0460688

Date <u>12-3-200</u>	T.O.S. <u>7:30 AM</u> <input type="checkbox"/> AM <input type="checkbox"/> PM CLEAR TIME: <input type="checkbox"/> AM <input type="checkbox"/> PM	Requested By: _____
OWNER'S NAME: _____		PHONE: _____
Address: <u>Charles St</u>		
Pick-up Location: _____		
Delivery Location: <u>Lot 1</u>		
Vehicle Information: <u>✓</u>		
Make <u>Cumc</u> Model <u>Regency</u>	VIN # _____	
Registration <u>✓</u> State <u>✓</u>		
Color <u>Brown</u> Year _____		
Condition <u>RV Damage</u>		
EXTRA MAN (WHEN REQUIRED) At an Accident Scene or Recovery of a Vehicle \$65.00/HR Time Start _____ Time End _____ Total Time _____		MILEAGE <u>To Site Chosen By Vehicle Driver</u> (\$4.00 per mile) Odometer: _____ End: _____ Total Miles: _____ Total Mileage Charge: _____
		MILEAGE <u>When Towed Back To Tower's Yard</u> (\$3.00 per mile) 1st 5 miles free Odometer: _____ End: _____ Total Miles: _____ Total Mileage Charge: _____
STORAGE - BEGINNING DAY 2 ("DAY" defined as 24-hr period) Time in: _____ Date Released: _____ Time Released: _____ Total No. Days: Vehicles up to 20' _____ \$30.00/day Vehicles over 20' _____ \$40.00/day		RELEASE FEE (\$20.00 AFTER HOURS) Time of Vehicle Release _____ Total Release Charge \$ _____
Driver's Signature _____ Customer's Signature _____		CHARGES Towing Charge <u>\$5000.00</u> Release at Scene (Trespass Only) \$ _____ Motorcycle \$ _____ Mileage Charge \$ _____ Storage Charge \$ _____ Recovery / Wait Charge \$ _____ Extra Man \$ _____ Toll Charges \$ _____ Credit Card Processing Fee \$ _____ TOTAL <u>\$5000.00</u>

SEE CONSUMER INFORMATION ON BACK

Questions regarding this bill can be addressed to the Tow Company.
 Complaints can be filed with the Rhode Island Division of Public Utilities and Carriers
 87 Jefferson Blvd., Warwick, RI 02888 • 401-780-2158