

REPORT FOR:

RoadSafetyBC – Impound Lot Operators Program

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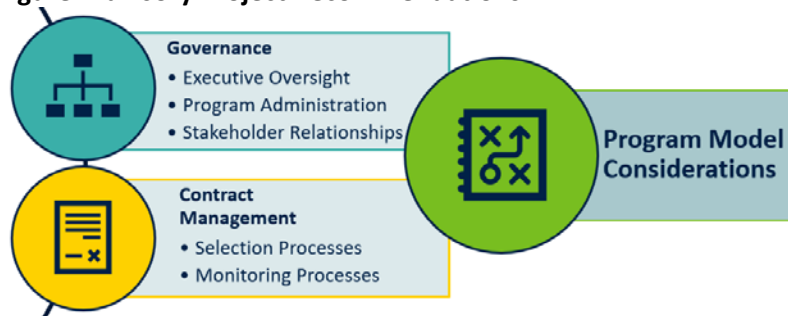
Executive Summary and Overall Conclusion

There were nearly 3.6 million active driver's licences in the Province of British Columbia in 2019, leading to more than 70% of residents with the ability to drive. The *Motor Vehicle Act* defines British Columbia road laws, including related offences and sanctions. Provisions under the *Motor Vehicle Act* enable law enforcement officers to immediately impound the vehicles of operators displaying unsafe driving behaviour.

As British Columbia's lead government agency responsible for road safety, RoadSafetyBC (RSBC) engages qualified tow vendors to support the Impound Lot Operators Program (Program). There are several challenges to the Program, one of which is ensuring there are Impound Lot Operators available to assist law enforcement in rural and remote areas.

This advisory project identified opportunities for RSBC to strengthen Program governance and contract management practices which may reduce, but not eliminate, the challenges of Impound Lot Operators coverage and retention. Therefore, RSBC should examine changes to the overall Program model, including a tailored approach and possible alternative impoundment methods.

Figure: Advisory Project Recommendations



Source: Internal Audit & Advisory Services

There are costs and benefits associated with any model and further research is required to determine the suitability of other options. RSBC should take a strategic and collaborative approach to implementing recommendations outlined in this report; as any changes to the model may also impact aspects of the Program not in scope of this engagement, such as the fee structure.

We would like to thank RSBC and other stakeholders, who participated in and contributed to this advisory project, for their cooperation and assistance.

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Introduction

The Government of British Columbia (Government or Province) has programs in place to support safer roads and motoring experiences. RoadSafetyBC (RSBC), overseen by the Superintendent of Motor Vehicles, is a branch within the Ministry of Public Safety and Solicitor General that is the lead government agency responsible for road safety.

Operating a motor vehicle in British Columbia is a licenced activity regulated under authority of the *Motor Vehicle Act* (MVA or the Act). The provisions under the Act enable law enforcement officers to immediately impound the vehicles of operators displaying unsafe driving behaviour or committing certain driving infractions defined under the Act.

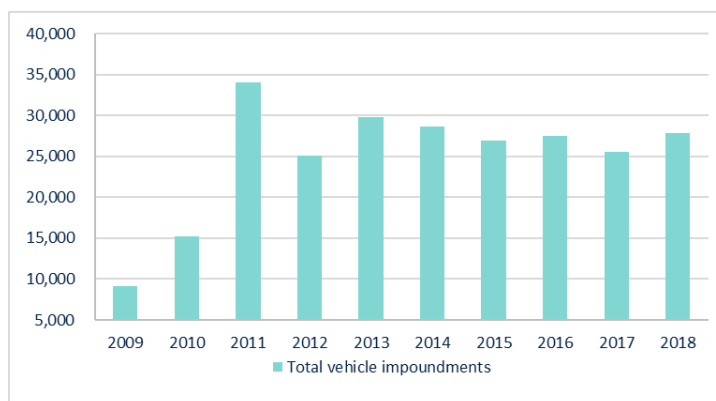
Unsafe driving behaviours include:

- Unlicensed, under-licensed, prohibited and suspended driving
- Street racing and stunt driving
- Excessive speeding
- Impaired driving

To support enforcement of the regulatory requirements, RSBC created the Impound Lot Operators Program (Program). Currently, RSBC has engaged the participation of over 220 third-party tow vendors across British Columbia to assume the care and control of vehicles impounded by law enforcement officers. Impound Lot Operators (ILOs) are responsible for: towing, storing, and disposing vehicles in compliance with the MVA or the *Warehouse Lien Act*; collecting fees from drivers related to the towing and storage; and maintaining all records required by the MVA or other legislation.

In 2010, the Province expanded vehicle impoundments through the introduction of Immediate Roadside Prohibition penalties to further discourage impaired driving. As a result, annual vehicle impoundments have increased significantly since that time, contributing to an improvement in road safety.

Figure 1: Annual vehicle impoundments, 2009 – 2018



Source: Internal Audit & Advisory Services, adapted from RSBC data

Purpose, Scope and Approach

Over the past decade, vehicle impoundments by law enforcement officers for alcohol and non-alcohol related driving offences have more than doubled. This has contributed to increased reliance upon ILOs to support the vehicle impoundment provisions under the Act.

RSBC requested Internal Audit & Advisory Services (IAAS), Ministry of Finance, to conduct an advisory project to examine select areas¹ of the Program to understand any significant challenges, identify potential improvements and provide advice to improve the overall Program.

IAAS examined and made recommendations related to the following areas: governance; contract management, including selection and monitoring processes; as well as considerations for the overall Program and delivery model.

We conducted this project through:

- interviewing RSBC staff and other key stakeholders;
- surveying ILOs across British Columbia;²
- reviewing relevant legislation, regulations and Program documentation; and
- conducting jurisdictional analysis.

Fieldwork was completed in September 2020.

RSBC is required to develop and submit an action plan in response to the recommendations provided, including the timeframe for implementation. IAAS will conduct an annual follow-up process to review the execution of RSBC's action plan.

¹ The project examined specific aspects of the Program, as noted. An evaluation of the fee structure and vehicle abandonment was not in the scope of this project.

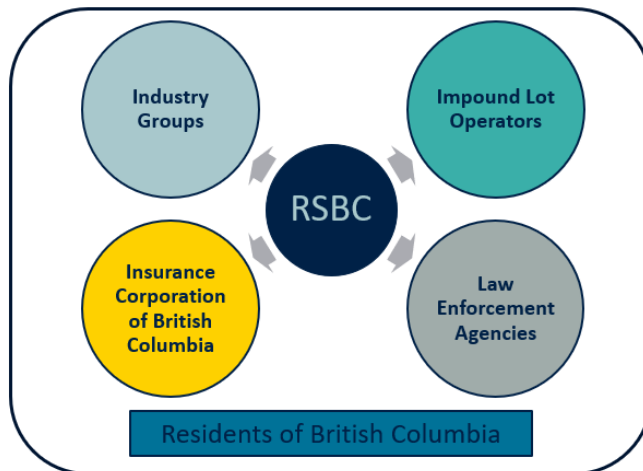
² IAAS conducted a voluntary, anonymous ILO survey in September 2020 of 170 ILOs. The response rate was 40%.

1.0 Governance

Governance provides the structure and processes to achieve an organization's mission through leadership, accountability, integrity, stewardship and transparency.

RSBC's mission is to work in collaboration with its stakeholders to maximize safe and responsible operation of motor vehicles in British Columbia.

Figure 2: Key Program Stakeholders



Source: IAAS, adapted from RSBC data

The Program supports RSBC's strategic goal of having road safety policies and programs to address top contributing factors for fatalities and serious injuries by removing drivers from roads who display unsafe driving behaviours.

Program Oversight

Good governance and oversight involve setting organizational goals and objectives where progress can be measured. With goals and objectives in place, relevant key performance indicators can be set to gauge how well the organization is achieving its intended results.

Historically, the Program has not been treated as a stand-alone program by RSBC, but instead as independent activities to support law enforcement agencies to apply sanctions of the MVA. RSBC has not established a mandate for the Program, to guide its operation in alignment with RSBC's strategic direction.

A defined oversight framework, outlining the various roles and responsibilities for strategic-level oversight, would facilitate the execution of the Program's mandate.

Furthermore, defined goals and objectives would enable RSBC executive to measure the effectiveness of the Program.

While RSBC tracks certain statistics relevant to vehicle impoundments, limited ILO-specific data is maintained. There is opportunity for RSBC to establish short, medium and long-term goals and objectives and improve data collection. This will enable RSBC to develop key performance indicators to measure, monitor and report on the Program's effectiveness.

Program Administration

An organization's policies and procedures outline its objectives, standards and directives, contributing to effective management and sound program administration. Program administration should further include controls to assist in monitoring performance by providing reliable information on measures used, which may lead to further management decisions or actions.

RSBC has developed an internal procedures document to guide some of the Program related processes, including the establishment and maintenance of the **ILO Database**, which is an integral part of the Program. Periodic review of the internal procedures document would ensure it comprehensively covers all processes, such as review of the ILO Database, and contains robust internal controls, such as segregation of duties.

The **ILO Database** is a listing of qualified Program tow vendors selected by RSBC and shared with law enforcement agencies.

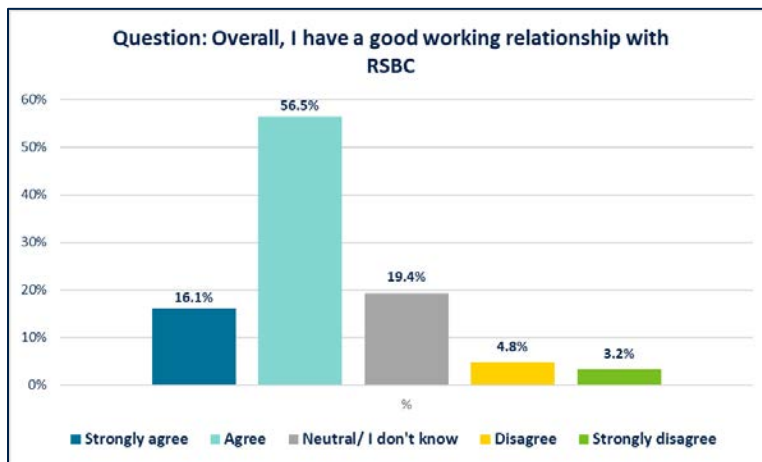
We noted over 10 staff from three work teams of RSBC have responsibilities related to the Program; these roles are often performed side of desk and independently of each other. Program managers and directors of these work units oversee Program-related tasks performed by their staff. However, there is no management position assigned to hold primary accountability for the day to day operations of the overall Program. While many of the existing issues are understood by Program staff, competing priorities and a lack of ownership have stalled efforts to make changes to the Program. A more dedicated management position would have the capacity to proactively address issues and oversee Program administration.

Stakeholder Relationships

RSBC works in partnership with law enforcement agencies, service providers, government agencies, and others to solve issues collaboratively to improve road safety across the Province. A strategic approach for information sharing and collaboration is required to successfully work in partnership with key Program stakeholders, including over 220 ILOs.

The majority of ILOs surveyed agreed that they have a positive working relationship with RSBC.

Figure 3: ILO Survey Result: Working Relationship with RSBC



Source: IAAS ILO Survey

However, some ILOs cited that RSBC's stakeholder engagement is primarily reactive; as such, RSBC should take a collaborative and proactive approach to further support the ILOs and the Program. For example, ILOs and other stakeholders identified opportunities for RSBC to modernize and streamline communication channels and other operational procedures.

A more strategic approach and regular engagement with a broad range of ILOs and other stakeholders; for instance, establishment of a liaison committee, updating website information and contact lists, and soliciting ongoing feedback related to the Program, may improve the relationship and address any Program issues more collaboratively.

Recommendations:

- (1) RSBC executive should set the strategic direction and review Program effectiveness annually.
 - (2) RSBC should appoint a management role accountable for the overall Program, including implementing Program improvements and maintaining procedures and internal controls.
 - (3) RSBC should ensure there is proactive and regular engagement with key Program stakeholders and create open and efficient lines of communication.
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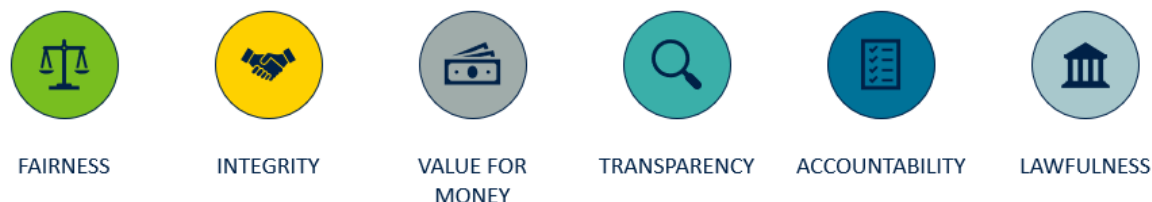
2.0 Contract Management

Ministries must comply with the Government's Core Policy and Procedures Manual (CPPM) and ensure contract management practices are based on its core principles. This includes appropriately planning, managing and documenting throughout the contract lifecycle.

RSBC enters into contractual agreements with qualified tow vendors who have been accepted into the Program. These agreements outline the vehicle impoundment services ILOs will provide and enable RSBC to ensure ILOs meet and maintain Program standards.

Under the current legislative framework, registered owners of impounded vehicles are responsible to pay tow and storage costs directly to ILOs. In certain circumstances, RSBC may pay an ILO when a registered owner successfully disputes a violation ticket. RSBC does not usually make payments directly to ILOs and does not receive a direct benefit from acquiring ILO services; instead it is the public who have ultimately gained enhanced road safety. RSBC's relationship with ILOs is considered a government transfer; therefore, the core principles of the CPPM apply.

Figure 4: Core Principles of Government Transfers



Source: IAAS, adapted from the CPPM

2.1 Selection Processes

The selection stage includes the establishment of a systematic process for considering applications or requests against eligibility criteria, solicitation of service providers and entering into formal, written agreements with successful applicants.

Solicitation

The current Program application criteria require tow vendors to have and maintain an Insurance Corporation of British Columbia (ICBC) vendor number. RSBC does not actively solicit tow vendors or promote the Program; instead RSBC invites ICBC tow vendors to apply. Actively and openly soliciting tow vendors would enable RSBC to develop a list of qualified suppliers through its own public solicitation process; for example, issuing a **Request for Qualification** on BC Bid, a marketplace where public sector organizations advertise opportunities for goods and service contracts.

Request for Qualification:

A standard competitive solicitation process to develop a list of qualified suppliers that will be used for one or more future competitive solicitations.

While RSBC conducts some of its own applicant verification, it also relies on ICBC's vendor qualification and monitoring procedures without a comprehensive understanding of ICBC's processes. In addition, local governments, in most large urban areas of British Columbia, have entered into exclusive shared cost agreements with a tow vendor (which include impoundments under the Act).

RSBC should formalize contract management relationships with third parties who contract with tow vendors. This should help streamline processes by reducing any potential duplication or gaps. For example, the establishment of a **Memorandum of Understanding** with ICBC, and the exploration of similar options with municipalities, should benefit RSBC by leveraging contract management processes already in place.

Memorandum of Understanding: An agreement between two or more parties which outlines mutually accepted expectations of all parties involved but is not legally binding.

ILO Agreement

A robust agreement ensures the rights of each party are protected and obligations are fulfilled as described in the agreement. Agreements must be regularly reviewed to ensure that they continue to meet business needs and regulatory requirements.

RSBC uses a custom agreement to establish a contractual relationship with ILOs which does not fully align with the CPPM. The current ILO agreement may be strengthened by including additional good practice terms, such as: the agreement length; comprehensive definitions; further privacy liability, and indemnity considerations; and additional stipulations to manage risk and ensure ILO performance standards.

Recommendation:

- (4) RSBC should strengthen the Program's selection practices to ensure better alignment with the CPPM and formalize contract management relationships with third parties.
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2.2 Monitoring Processes

The CPPM requires timely and consistent monitoring of a vendor's performance throughout the contract term. Establishing reasonable and measurable monitoring terms enables this evaluation and helps assess compliance with contract deliverables.

Monitoring

ILOs have a contractual obligation to meet requirements stated in their agreement with RSBC and maintain Program standards. For example, ILOs must adhere to safety and security requirements, service standards, and fee regulations.

RSBC's review of ILOs could be more proactive. The current process is complaint driven and typically resolved over the phone with limited detail tracked in a complaints log. RSBC should strengthen their contract management practices by implementing a formalized complaint process and a proactive monitoring process. A risk-based monitoring approach could involve periodically reviewing a sample of ILOs based on identified criteria; for instance, impoundment volume, number and type of complaints, or past compliance assessments. This will assess ILOs' fulfilment of contract performance standards.

Training

Comprehensive procedures, supplemented with accessible training, enable contractors to effectively fulfill the duties outlined in their agreement.

Upon entering the Program, ILOs are provided with RSBC's Program procedures. If requested, ILOs can seek clarification by reaching out to RSBC. While the procedures provide detailed guidance for each process step, 50% of the survey respondents desired more onboarding guidance. Additional learning resources in other forms, such as online resources and a clear communications channel for ILOs, may strengthen new ILO's knowledge of the Program.

Results from risk-based monitoring activities may identify gaps in understanding of Program requirements and inform areas where further guidance may be needed. Strengthening training and monitoring may help clarify Program procedures; as well, detect and address compliance issues.

Recommendation:

- (5) RSBC should conduct risk-based monitoring activities to strengthen adherence to performance standards and identify and implement training opportunities for ILOs.
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3.0 Program Model

Adequate ILO coverage across British Columbia is integral to ensuring law enforcement agencies can uphold sanctions outlined in the MVA. Shortage and retention of ILOs in some rural and remote areas has been a challenge identified by both RSBC and law enforcement officers; requiring RSBC to consider a more strategic approach to maintain ILO coverage.

Through a comparison with other provincial jurisdictions, we did not find a consistent approach to vehicle impoundments. Although the impoundments are supported by similar regulatory requirements, the program models vary.

RSBC's current model to acquire ILOs is passive and no major changes have been made to the Program since it was implemented. For instance, tow vendors are all required to meet the same onboarding requirements, regardless of their size of business and geographic location.

RSBC could explore options to change the Program entrance requirements and delivery models to attract and retain ILOs; these may include:

- Adopting more flexibility to the existing application criteria and considering different service level tiers to allow more tow vendors to qualify, increasing the supply of ILOs in certain geographical areas.
- Exploring alternative measures for tow vendors to immobilize vehicles may supplement coverage in certain geographical areas.

A delivery model further tailored to Program objectives, may allow RSBC to streamline internal processes while providing flexibility to tow vendors, depending on their location and operations. Significant changes to the model would require subsequent Program changes, such as an assessment of the resulting fee structure.

RSBC should take a phased approach to implementing overall Program improvements, including governance and contract management changes, and aspects of the Program not in the scope of this advisory project. RSBC should first consider the long-term objectives of the Program and then perform further research, analysis and stakeholder engagement to determine if changes to the model will address current issues and align to those objectives.

Recommendation:

- (6) RSBC should examine the overall Program model, including alternative impoundments, to ensure legislative requirements can consistently be met across British Columbia.
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Appendix A - Summary of Recommendations

| | |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | RSBC executive should set the strategic direction and review Program effectiveness annually. |
| 2 | RSBC should appoint a management role accountable for the overall Program, including implementing Program improvements and maintaining procedures and internal controls. |
| 3 | RSBC should ensure there is proactive and regular engagement with key Program stakeholders and create open and efficient lines of communication. |
| 4 | RSBC should strengthen the Program's selection practices to ensure better alignment with the CPPM and formalize contract management relationships with third parties. |
| 5 | RSBC should conduct risk-based monitoring activities to strengthen adherence to performance standards and identify and implement training opportunities for ILOs. |
| 6 | RSBC should examine the overall Program model, including alternative impoundments, to ensure legislative requirements can consistently be met across British Columbia. |

Appendix B - Abbreviations

| | |
|------------------------|-------------------------------------------|
| CPPM | Core Policy and Procedures Manual |
| IAAS | Internal Audit & Advisory Services |
| ICBC | Insurance Corporation of British Columbia |
| ILOs | Impound Lot Operators |
| Government or Province | Government of British Columbia |
| MVA or the Act | <i>Motor Vehicle Act</i> |
| Program | Impound Lot Operators Program |
| RSBC | RoadSafetyBC |