

Carlisle City Council

Report to Audit Committee

Report details

Meeting Date:	17 March 2023
Portfolio:	Finance, Governance and Resources
Key Decision:	Not applicable
Policy and Budget Framework	YES
Public / Private	Public
Title:	Internal Audit Report – Car Parking Income
Report of:	Corporate Director Finance & Resources
Report Number:	RD.73/22

Purpose / Summary:

This report supplements the report considered on Internal Audit Progress 2022/23 and considers the risk-based Internal Audit review of Car Parking Income.

Recommendations:

The Committee is requested to

- (i) receive the final audit report outlined in paragraph 1.1;

Tracking

Executive:	Not applicable
Scrutiny:	Not applicable
Council:	Not applicable

1. Background

- 1.1. An audit of Car Parking Income was undertaken by Internal Audit in line with the agreed Internal Audit plan for 2022/23. The audit (Appendix 1) provides reasonable assurances and includes 6 medium-graded recommendations.

2. Risks

- 2.1 Findings from the individual audits will be used to update risk scores within the audit universe. All audit recommendations will be retained on the register of outstanding recommendations until Internal Audit is satisfied the risk exposure is being managed.

3. Consultation

- 3.1 Not applicable

4. Conclusion and reasons for recommendations

- 4.1 The Committee is requested to
i) receive the final audit report outlined in paragraph 1.1

5. Contribution to the Carlisle Plan Priorities

- 5.1 To support the Council in maintaining an effective framework regarding governance, risk management and internal control which underpins the delivery the Council's corporate priorities and helps to ensure efficient use of Council resources

Contact details:

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Appendices attached to report:

- **Internal Audit Report – Car Parking Income– Appendix 1**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

Corporate Implications:

Legal - In accordance with the terms of reference of the Audit Committee, Members must consider summaries of specific internal audit reports. This report fulfils that requirement

Property Services - None

Finance – Contained within report

Equality - None

Information Governance- None

Audit of Car Parking Income

Draft Report Issued: 21 February 2023
Director Draft Issued: 28 February 2023
Final Report Issued: 3 March 2023



Audit Report Distribution

Client Leads:	Parking & Enforcement Manager Finance Officer (Systems, Controls and Development)
Chief Officer:	Head of Neighbourhood Services Deputy Chief Executive Head of Financial Services Corporate Director of Finance & Resources Chief Executive
Others:	
Audit Committee:	The Audit Committee, which is due to be held on 16 th March 2023 will receive a copy of this report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Designated Head of Internal Audit.

1.0 Background

- 1.1. This report summarises the findings from the audit of Car Parking Income. This was an internal audit review included in the 2022/23 risk-based audit plan agreed by the Audit Committee on 15th March 2022.
- 1.2. The parking and enforcement team are responsible for the enforcement of parking regulations under the Traffic Management Act 2004.
- 1.3. The Council also carries out cash collection duties on behalf of Cumbria County Council and Eden District Council.
- 1.4. Chipside (software development company) undertake the administration and chasing up of outstanding debts from Penalty Charge Notices (PCNS) on behalf of the Council. The contract also includes MiPermit (online parking permits).

2.0 Audit Approach

Audit Objectives and Methodology

- 2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.
- 2.2 A risk-based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.

Audit Scope and Limitations.

- 2.3 The Client Lead for this review was the Parking and Enforcement Manager and the Finance Officer (Systems, Controls and Development) and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following risks:
 - Failure to achieve business objectives due to insufficient governance.
 - Income is not appropriately & securely managed resulting in loss of income.
 - Ineffective processes & monitoring resulting in poor value for money and/or failure to meet legal obligations (including surveillance legislation).
 - Insufficient financial monitoring arrangements in place to ensure appropriate balance of maximising income and delivery of business objectives.
- 2.4 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion intended to assist Members and Officers in their assessment of the overall governance, risk management and internal

control frameworks in place. There are 4 levels of assurance opinion which may be applied (See **Appendix C** for definitions).

- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within Car Parking Income provide **reasonable** assurance. *Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.*

4.0 Summary of Recommendations, Audit Findings and Report Distribution

- 4.1 There are two levels of audit recommendation; the definition for each level is explained in **Appendix D**. Audit recommendations arising from this audit review are summarised below:

Control Objective	High	Medium
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1)	-	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	-	2
3. Information - reliability and integrity of financial and operational information (see section 5.3)	-	2
4. Security - safeguarding of assets (see section 5.4)	-	2
5. Value – effectiveness and efficiency of operations and programmes (see section 5.5)	-	-
Total Number of Recommendations	-	6

- 4.2 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A. Advisory comments to improve efficiency and/or effectiveness of existing controls and process are summarised in Appendix B for management information.
- 4.3 **Findings Summary (good practice / areas for improvement):**
The service has made several improvements since the previous audit report in March 2020. Documented guidance and processes have been improved, including external / internal bookings for car parks. Electronic parking permits are now in place and working well.

An up-to-date structure is in place which is supported by appropriate job descriptions. The team have relevant qualifications for their roles.

There are four operational risks recorded on SharePoint which are regularly monitored in line with the Corporate Risk Management Framework.

Improvements are needed to strengthen both the safety and security controls for the cash office and cash collection protocols.

The annual parking enforcement activity reports remain outstanding, initially due to the Covid-19 pandemic and latterly due to staff absence. This should be addressed to ensure that the Council complies with the Traffic Management Act 2004 (TMA).

Management should regularly monitor outstanding debt for PCNs. (Penalty Charge Notices) and record management approval for any challenged / cancelled PCNs.

The Council provides bodycams, mobile phones and lone working devices to the team for additional security whilst they undertake their roles.

The team are aware of lone working procedures, risk assessments and controls. They all have access to documented guidance and legislation.

Income is regularly collected, banked and reconciled. No issues were noted during audit testing.

Comments from the Deputy Chief Executive

The 6 recommendations contained in this report are welcomed and will be / are already being implemented. This audit work will also be useful to the successful transition to the new Cumberland Council.

5.0 Audit Findings & Recommendations

5.1 Management – Achievement of the organisation's strategic objectives

- 5.1.1 There is an up-to-date staff structure in place with relevant job descriptions.
- 5.1.2 The Executive approved a Local Environmental Crime, Action and Enforcement Strategy (Incorporating Litter Strategy) on 2/09/2021. The Strategy consolidates Council responsibilities for maintaining clean streets and neighbourhoods in a single document. It also highlights the wide-ranging activities of the enforcement team, raising awareness and taking robust enforcement action against those responsible for committing enviro-crimes.
- 5.1.3 The current service plan is for 2021/22. It remains relevant and management regularly monitor objectives.
- 5.1.4 There are four car parking operational risks. They all have suitable control strategy / mitigating actions and were last reviewed in January 2023, in line with the Corporate Risk Management Policy.
- 5.1.5 Management meet regularly. The team are updated at meetings, 1 to 1s and by email.
- 5.1.6 Management regularly run and review reports provided by Chipside.
- 5.1.7 Documented staff procedures and guidance are in place.
- 5.1.8 Staff have annual appraisals, although individual dates require update on SharePoint.
- 5.1.9 Management have regular meetings with Finance to discuss the budget. Income is lower than expected and regularly monitored.

5.2 Regulatory – compliance with laws, regulations, policies, procedures and contracts

5.2.1 A Penalty Charge Notice (PCN) privacy statement on the Council's website confirms use of personal information (to issue a PCN), sharing and retention.

5.2.2 The Council's retention schedule includes Car Parking documentation.

5.2.3 Under the Traffic Management Act 2004 (TMA) the Council must complete and publish an annual parking enforcement activity report. The 2019/20 report was the last published report. At the time of the audit a draft report covering 2020/21 is complete, but not published. Following the Covid-19 pandemic and more recent staff absences, the 2021/22 draft report is not finalised.

Recommendation 1 – The annual parking enforcement report for 2021/22 should be finalised and published on the Council's website, along with the 2020/21 report.

5.2.4 The Council has the power to undertake Enforcement and Traffic Regulation Orders (TRO) and variation notices. No TRO's have been issued since the previous audit report in March 2020.

5.2.5 The Council Surveillance Camera policy states that, 'Council officers are not to purchase cameras that can be used for monitoring audio conversations or be used to talk to individuals without sign off by a member of the Senior Management Team as this is normally considered an unnecessary invasion of privacy'. Civil Enforcement Officer (CEO) body cameras were purchased prior to the implementation of the policy. The Deputy Chief Executive has approved their use in line with policy requirements. The team confirmed access to the policy.

5.2.6 CEOs confirmed access to a procedures / training manual which refers to their code of practice and relevant legislation.

5.2.7 Enforcement Team members have an NVQ 2 Car Parking qualification. Cash Collectors have a NOCH Level 2 Cash & Values in Transit qualification and a valid Cash & Valuables in Transit Licence.

5.2.8 All of the team have had a relevant DBS check.

5.2.9 The Council collect cash from car parks on behalf of Cumbria County Council (CCC) and Eden District Council. At the time of the audit, both contracts had expired. The Parking & Enforcement Manager provided an email from both authorities confirming existing

arrangements will remain in place until reviewed as part of Local Government Re-organisation (LGR).

5.2.10 Invoices to CCC and Eden were reviewed. Charges were in line with expired contracts. Quarter 1 & 2 invoices were paid.

5.2.11 Loomis (cash management specialist company) collect car parking cash income once per week. At the time of the audit, there was no signed contract in place. Car park cash income collection will be reviewed as part of Local Government Re-organisation.

5.2.12 Six Payment Services (payment solutions company) administer electronic payments at ticket machines. There is an agreement in place, although the copy provided during the audit had not been signed by Six Payment Services.

5.2.13 Chipside administer MiPermit (online parking permits) and follow-up outstanding debt from Penalty Charge Notices (PCNs) on behalf of the Council. The contract signed by both parties expires on 30th April 2024. It includes a section on customer data protection. Although Chipside are the Data Processor for the Authority, a Data Protection Impact Assessment could not be located. In addition, it was not possible to establish how long Chipside retain the electronic documentation for.

Recommendation 2 – The following should be undertaken:

-Establish how long Chipside retain the electronic documentation for and ensure this is adequate for the Council needs.

-A Data Protection Impact Assessment should be completed.

5.2.14 Safe-working risk assessments including lone working, working outside, cash collection, handling and depositing etc are regularly reviewed.

5.2.15 Digital saver permits are purchased online via 'My Permit'. CEO's confirm valid permits using a hand-held device.

5.2.16 There are documented procedures for car park booking requests.

5.3 Information – reliability and integrity of financial and operational information

- 5.3.1** Cash is regularly collected from car park ticket machines, counted and banked.
- 5.3.2** A random sample of income was tested, with no issues noted.
- 5.3.3** Finance regularly reconciles all car parking income.
- 5.3.4** Car parking income stream guidance is in place, but does not include issue date, author, version number or review date.
- 5.3.5** All cash income overs / unders tested were successfully traced from the accounting system to the discrepancy report. Larger differences are investigated and recorded.
- 5.3.6** No examples were noted where safe value exceeded its holding limit.
- 5.3.7** The latest Community Services Charges Review Report 2022/23 was agreed by the Executive in December 2021. Charges matched those advertised on the Council's website.
- 5.3.8** PCN charges are not included within the Fees & Charges Report or on the website. Charge levels are set by Central Government; Carlisle City Council has adopted a £50 charge for a lower-level contraventions and £70 for higher-level. If paid within 14 days a 50% reduction applies.
- 5.3.9** The Parking & Enforcement Manager confirmed that that fees & charges for electric charging points in car parks will be reviewed by the new Cumberland Council.
- 5.3.10** Guidance Policies for the Enforcement and Cancellation of PCNs have been documented.
- 5.3.11** At the time of the audit review the following weaknesses were highlighted:
- Although system access to cancel parking fines is restricted, evidence to record management approval of challenged / cancelled PCNs is not always retained.
 - Since the Covid-19 pandemic, the Parking & Enforcement Manager has not received a copy of the monthly statistics report from the Council's bailiff for non-payment of PCNs and this outstanding debt is not regularly monitored.

Recommendation 3 – Management should regularly monitor outstanding debt for PCNs. (Penalty Charge Notices) and record management approval for any challenged / cancelled PCNs.

5.3.12 Quarter 1 & 2 fines written off have been appropriately approved and reported to the Executive.

5.3.13 Guidance is documented for car park inspections. Six-monthly inspections are recorded on a spreadsheet, although some inspection dates were missing. As a result, it was not possible to clearly establish when some of the car parks were last inspected.

Recommendation 4 – Car park inspections should be undertaken with the required frequency and details of the inspections including the inspection date should be recorded on the spreadsheet.

5.4 Security – Safeguarding of Assets

5.4.1 CEO's use a bodycam and must complete relevant information governance e-learning. GDPR training is overdue for one officer. All officers have completed Cyber Security Training.

5.4.2 A form is used to sign bodycams in/out and record pre-use checks. Two recent completed forms were provided although forms from 2022 could not be located.

5.4.3 Bodycam recording is activated only when necessary. Individuals are advised of visual and audio recording and given an information card.

5.4.4 The Council owns the bodycams and has a cloud agreement with Wireless CCTV (mobile surveillance provider company). The agreement is dated 12/10/22, although airtime expiry dates for devices stated 1/7/2021. The Parking & Enforcement Manager provided a copy of the latest invoice which confirmed agreement for two years from 1/7/21 to 1/7/23.

5.4.5 Cash collectors and CEO's use lone working devices owned by People Safe (employee safety business). A 12-month contract is in place for each device, including a 24 hour call centre. Officers confirmed that device checks are completed but not always prior to use. Faulty devices are returned for replacement.

Recommendation 5 – Lone working device checks should be recorded prior to use. Relevant procedures / guidance should be updated for CEO's and Cash Collectors.

5.4.6 There are CCTV cameras in some Council owned and managed car parks. The Parking & Enforcement Manager confirmed they are old and no longer fit for purpose. Options for replacing / upgrading the CCTV will be reviewed as part of LGR.

5.4.7 The cash office is also monitored by CCTV which is viewed intermittently. A spreadsheet records CCTV checks and maintenance.

5.4.8 If CCTV coverage is requested (usually via email), a Surveillance Camera Viewing / Footage request Form must be completed and returned. No issues were raised following the last two requests.

5.4.9 There are CCTV Surveillance Camera Operating Procedures for car parking. They have a version number but no author, issue or review date.

5.4.10 Cash collecting guidance is documented. It does not include cash office opening and closing, nor the requirement for lone working devices to be checked prior to use. (**See Recommendation 5 & 6**)

5.4.11 Audit observed officers returning from ticket machine emptying and the following was noted:

- When collecting cash and loading/ unloading van, officers are required to wear a uniform, including toe protection footwear, a high viz bib and a safety helmet. Only one of the team had a helmet issued. Audit were advised that there is difficulty sourcing the bespoke safety helmets.
- One of the officers has chosen not to wear ear protection whilst the noisy coin machine is in use.
- The van was washed prior to the coin boxes being unloaded, counted and secured at the cash office.
- The two doors (storeroom & cash office) remained open while the coins were counted, banked and secured. This measure was introduced during the Covid-19 pandemic for work area ventilation.
- There is no documented opening & closing procedure for the cash office.

Recommendation 6 – Resolve the following safety and security weaknesses:

- **Safety helmets should be procured and issued.**
- **Seek health & safety advice regarding ear defender use and cash handling with open doors.**
- **Cash should be unloaded and secured immediately.**
- **Develop an opening & closing procedure.**

5.4.12 Further guidance is needed for unaccounted foreign coins held in the safe.

5.5 Value – effectiveness and efficiency of operations and programmes

- 5.5.1** A web-office system is used to monitor Council owned ticket machines. The system is checked daily for ticket machine faults. An engineer is called if officers cannot fix it.
- 5.5.2** Documented Pay and Display machine maintenance guidance does not include bi-annual cash collector maintenance checks.
- 5.5.3** Members have approved free car parking initiatives. For example, weekends and bank holidays in city centre car parks, to support the post Covid-19 high street recovery.
- 5.5.4** Management monitor the service using various reports, including appropriate use of free three hour parking at the Sands Centre for gym members.

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1: The annual parking enforcement report for 2021/22 should be finalised and published on the Council's website, along with the 2020/21 report.	M	Failure to comply with the relevant legislation.	The 2020/21 report will be published on the website.	Parking & Enforcement Manager	10/03/2023
			The 2021/22 report will be finalised & published on the website.		31/03/2023
Recommendation 2: The following should be undertaken: -Establish how long Chipside retain the electronic documentation for and ensure this is adequate for the Council needs. -A Data Protection Impact Assessment should be completed.	M	Non-compliance with GDPR legislation and failure to control records management.	Chipside retain data inline with Council retention policy & destroy data when authorised to do so by the Parking & Enforcement Manager.	Parking & Enforcement Manager	28/02/23
			A Data Protection Impact Assessment will be completed.	Parking & Enforcement Manager	31/03/23

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 3: Management should regularly monitor outstanding debt for PCNs. (Penalty Charge Notices) and record management approval for any challenged / cancelled PCNs.	M	There is a risk of loss of income to the Council if outstanding debt for PCNs is not regularly monitored.	Management to ensure weekly meetings to discuss PCNs are minuted and details recorded on the spreadsheet. Monthly management checks will be undertaken.	Parking & Enforcement Manager	31/03/23
Recommendation 4: Car park inspections should be undertaken with the required frequency and details of the inspections including the inspection date should be recorded on the spreadsheet.	M	Failure to regularly undertake and record car park inspections may increase the risk of officers and members of the public being put at risk, for example slips, trips and falls.	Spreadsheet will be updated after each inspection and inspection forms to be scanned and retained in relevant folder.	Parking & Enforcement Manager	31/03/23

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 5: Lone working device checks should be recorded prior to use. Relevant procedures / guidance should be updated for CEO's and Cash Collectors.	M	Safeguarding of assets is not effective because of inadequate safeguarding arrangements.	Procedures will be updated and Lone working devices will be checked prior to each use.	Parking & Enforcement Manager	10/03/23
Recommendation 6: Resolve the following safety and security weaknesses: -Safety helmets should be procured and issued. -Seek health & safety advice regarding ear defender use and cash handling with open doors. -Cash should be unloaded and secured immediately. -Develop an opening & closing procedure.	M	Safeguarding of assets is not effective because of inadequate safeguarding arrangements.	<p>In the interim an alternative head protection will be sourced until a specialised safety helmet can be procured.</p> <p>H & S advice has been received & will be acted upon.</p> <p>Cash will be unloaded and secured immediately.</p> <p>An opening and closing procedure will be developed and implemented.</p>	Parking & Enforcement Manager	<p>03/03/23</p> <p>03/03/23</p> <p>03/03/23</p> <p>03/03/23</p>

Appendix B – Advisory Comments

Ref	Advisory Comment
5.1.8	The dates of individual officer appraisals should be recorded in the appraisal spreadsheet on SharePoint.
5.3.4	Finance income procedures should include version number, issue date, author and review date.
5.4.2	Forms used to sign bodycams in/out and record pre-use checks should be retained for an agreed period.
5.4.9	Surveillance Camera Operating Procedures should include issue date, author and review date.
5.4.12	Document guidance for unaccounted foreign coins currently held in the safe.
5.5.2	The relevant documented guidance should include bi-annual cash collector maintenance checks.

Appendix C - Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The control framework tested are suitable and complete are being consistently applied.</p> <p>Recommendations made relate to minor improvements or tightening of embedded control frameworks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure system objectives are generally achieved. Some issues have been raised that may result in a degree of unacceptable risk exposure.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently embedded.</p> <p>Any high graded recommendations would only relate to a limited aspect of the control framework.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses that have been identified. The level of non-compliance and / or weaknesses in the system of internal control puts achievement of system objectives at risk.	<p>There is an unsatisfactory level of internal control in place. Controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>High graded recommendations have been made that cover wide ranging aspects of the control environment.</p>
Limited/None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-existence or non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist.</p>

Appendix D

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).