

Audit of Car Parking Including Income

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Audit Report Distribution

Client Lead:	Team Manager (Parking & Enforcement)
Chief Officer:	Deputy Chief Executive Corporate Director of Finance & Resources Chief Executive
Others:	Neighbourhood Services Manager Information Governance Manager Financial Services Manager Finance Officer (Systems, Controls and Development)
Audit Committee:	The Audit Committee, which is due to be held on 16 March 2020 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 including Income collection. This was an internal audit review included in the 2019/20 risk-based audit plan agreed by the Audit Committee on 18th March 2019.
- 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, Eden District Council and Marks & Spencer's (M&S) and parking enforcement for M&S.
- 1.4 Chipside 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 Team Manager (Parking & Enforcement) 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 scope areas:
 - 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 B** 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 Including 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 C**. 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)		1
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	1	3
3. Information - reliability and integrity of financial and operational information (see section 5.3)		3
4. Security - safeguarding of assets (see section 5.4)		3
5. Value – effectiveness and efficiency of operations and programmes (see section 5.5)		2
Total Number of Recommendations	1	12

4.2 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A.

4.3 Findings Summary (good practice / areas for improvement):

Whilst thirteen recommendations have been made the majority relate to compliance of existing controls, which need to be strengthened to improve the service therefore reasonable assurance has been given.

An up to date structure is in place which is supported by relevant job descriptions.

The parking and enforcement team have relevant qualifications.

Management have requested system training from Chipside to enable them to maximise system use and service improvements.

Audit testing identified that several processes need to be documented and approved to improve the service, for example, external and internal bookings of car parks, including closure requests and allocations of car park spaces. (this includes free and paid for)

There are six operational risks recorded on SharePoint these risks are regularly monitored in line with the Corporate Risk Management Policy.

Contracts and service agreements need to be reviewed and brought up to date and appropriately signed.

The outstanding debt for M&S should be reconciled and communicated to M&S with a revised service agreement for them to either accept or decline.

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 and their training has included dealing with challenging customers.

Action has been taken on eight out of thirteen recommendations on receipt of the draft audit report by the Team Manager (Parking & Enforcement). This adds further strength to the controls for this service area and once the remaining recommendations have been completed, substantial controls should be in place.

Comment from the Deputy Chief Executive

The recommendations arising from this review have already proved useful in ensuring that the relatively new parking / enforcement team are focused on improving procedures and controls. It is good to see that the Team Manager has already acted on a good number of these recommendations.

5.0 Audit Findings & Recommendations

5.1 Management – Achievement of the organisation's strategic objectives

- 5.1.1** There is an up to date structure in place and the team have relevant job descriptions.
- 5.1.2** The 'Clean Neighbourhood Strategy 2020 - 2025 is currently in draft.
- 5.1.3** There is a current service plan in place and the objectives are regularly monitored.
- 5.1.4** A review of the procedures and guidance available to the team, highlighted that there were no processes documented for the following:
- External and internal bookings of car parks (free & paid for), including requests for car park closures;
 - Requesting external and internal allocations of car park spaces (free & paid for);
 - Car park maintenance, including reporting, monitoring and fixing;
 - Ticket machine maintenance, including monitoring, reporting and fixing;
 - Cash income returns.

Recommendation 1 – Procedures should be updated to ensure all processes are documented.

- 5.1.5** There are six operational risks recorded on SharePoint these risks are regularly monitored in line with the Corporate Risk Management Policy.
- 5.1.6** The Team Manager - Parking & Enforcement has recently had their appraisal. Individual performance will be reviewed as part of the appraisals with targets set linked to the team's service development plan.
- 5.1.7** The team are kept up to date via emails, intranet team site, regular team meetings and 1 to 1's.
- 5.1.8** Several monthly reports are run from Chipside and reviewed by management.
- 5.1.9** Management have regular meetings with Finance to discuss budget. Income is currently lower than expected, this is being monitored.

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

- 5.2.1** Under the Traffic Management Act 2004 (TMA) the Council is required to complete and publish an annual report on their parking enforcement activities. A draft report has been completed. The Team Manager - Parking & Enforcement will confirm if this draft report needs to be formally approved before being published on the Council's website. The figures included within this report agreed to source information.
- 5.2.2** The Council has the power to undertake Enforcement and Traffic Regulation Orders (TRO) and variation notices. A recent TRO was reviewed and had been appropriately processed and approved.
- 5.2.3** 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'. The bodycams used by the Civil Enforcement Officers (CEO's) record audio. While the cameras were purchased prior to the implementation of this policy, it would still be good practice for the Deputy Chief Executive to approve their use in line with policy requirements.

Recommendation 2 – The Deputy Chief Executive should formally approve the use of bodycams.

- 5.2.4** The CEOs have been provided with a procedures / training manual. The manual refers to their code of practice and relevant legislation which they confirmed they have access to.
- 5.2.5** The enforcement team all have the NVQ 2 in Car Parking qualification and the two cash collectors have a valid Cash & Valuables in Transit Licence and the NOCH Level 2 Cash & Values in Transit qualification.
- 5.2.6** Management have requested system training from Chipside to enable them to maximise system use and service improvements.
- 5.2.7** All relevant officers have had a standard DBS check.
- 5.2.8** A copy of safe-working risk assessments, for example, lone working, working outside, cash collection, handling and depositing etc were provided, several review dates have expired.

Recommendation 3 – Risk assessments should be reviewed and brought up to date.

- 5.2.9** During the audit review all staff based at the Civic Centre have been issued with a new digital staff car parking permit together with terms and conditions.
- 5.2.10** The latest Charges Review Report 2019/20 for Community Services was reviewed, and the charges traced to the fees advertised on the website; three anomalies were noted and should be corrected.
- 5.2.11** Charges for Penalty Charge Notice (PCN) are not included within the Fees & Charges Report or detailed on the website. The levels of PCN charges are set by central government; Carlisle City Council has adopted a charge of £50 for a low level contravention and £70 for a higher-level. If the charge is paid within 14 days a 50% reduction is applied. It was noted that this is detailed in the draft annual report referred to in 5.2.1.
- 5.2.12** Chipside undertake the administration and chasing up of outstanding debt from PCNs (Penalty Charge Notice) on behalf of the Council. The contract also includes MiPermit (online parking permits) and has been appropriately signed by both parties, it is due to expire on 30 April 2021. The contract includes a section on customer data and the protection of customer data. Chipside are the Data Processor for the Authority.
- 5.2.13** There is an agreement in place for Six Payment Services who administer all electronic payments from ticket machines on the Council's behalf. A review of the agreement highlighted it is only signed by an authorised signatory from the Council, there is no signature from Six Payment Services.
- 5.2.14** There are contracts in place with Cumbria County Council (CCC), Eden District Council and Marks & Spencer's (M&S) for the collection of cash from their car park ticket machines and parking enforcement for M&S. All three contracts were reviewed and the following noted:
- The contract for Eden has not been signed by either party, nor have the service fees changed since 2016;
 - On 17/12/19 a copy of the Deed of Variation from CCC was provided. This was sent to Legal Services for approval on 4/10/19 and to date has not been returned;
 - Invoices were reviewed for both CCC and Eden, no issues were noted for the charges and all invoices had been paid;
 - M&S service agreement has been signed by both parties, dated August 1999. This contract is out of date and the charges included in it do not reflect the latest invoices issued by the Council. The Council has been trying to get a new contract agreed with M&S.

- 5.2.15** In addition, a balance of £17,456.63 remains outstanding from M&S due to over-payments in 2017/18 and 2018/19. The Council has been trying to sort these issues out for some time and have recently stopped payments to M&S until this issue is resolved.
- 5.2.16** Loomis collect car parking income for banking twice per week an agreement detailing this service could not be located during the audit review.

Recommendation 4 – All existing agreements (including Loomis if necessary) should be reviewed to ensure that they cover the service provided / received, reflect the correct charges and are signed by an authorised signatory from both parties.

Recommendation 5 – The Outstanding debts should be resolved, and a revised service level agreement should be presented to M&S including relevant fees.

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, and no issues were noted.
- 5.3.3** All car parking income is regularly reconciled by Finance.
- 5.3.4** Finance have documented guidance for the different car parking income streams, however there was no documented guidance for the process for completing cash income returns. **See Recommendation 1.**
- 5.3.5** Car parking generates over a million pound of income. A cash discrepancy report was provided by Finance for all cash differences processed between 1/4/19 – 31/10/19. The report included two over payments (£190.78 & £188.98). The Team Manager – Parking & Enforcement was not aware of these discrepancies. These should be reported so the team can explore the reasons for this.

Recommendation 6 – The Team Manager – Parking & Enforcement should be notified of all discrepancies on a monthly basis and immediately of any in excess of £30.

- 5.3.6** Guidance Policies for the Enforcement and Cancellation of Penalty Charge Notices has been documented.

- 5.3.7** Quarter 1 & 2 fines that have been written off have been appropriately approved and reported to the Executive.
- 5.3.8** Three officers including the Team Manager – Parking & Enforcement have access to cancel parking fines on the system. Currently there are no management checks in place to ensure that all cancelled fines as a result of a challenge have been appropriately approved.

Recommendation 7 – A management check should be introduced to ensure that all cancelled parking fines (PCNs) have been appropriately approved.

- 5.3.9** At the time of the audit review there is no documented process in place for external or internal car parking bookings or requests for the allocation of car parking spaces. (free or paid for) **See Recommendation 1.**
- 5.3.10** A food van has been trading from a Council owned car park since January 2013 and is charged for the space used by the Council. A Car Park Traders Licence Application Form has been completed and signed, however a licence could not be located.
- 5.3.11** A review was undertaken in 2016 to measure the ongoing impact customers to the food van have on the car park. Officers believe this could impact negatively on car park income as visitors (by car) to the food van do not pay for parking and / or block bays for other customers. Enforcement in such situations can be difficult.

Recommendation 8 – A full review should be completed and brought up to date including setting up a Traders Licence and agreement.

5.4 Security – Safeguarding of Assets

- 5.4.1** Audit observed the process followed by the two cash collectors once they had returned from emptying the car parking ticket machines. It was noted that they shared a mobile phone, this was brought to the attention of management and they have now been issued with a new mobile phone each for additional security.
- 5.4.2** A review of the safe contents identified a small amount of unaccounted for foreign coin. A process should be implemented for dealing with this rather than just leaving it in the safe.
- 5.4.3** At the time of the audit the operational safe key was secured in the premises overnight. However, this could invalidate the Council's insurance, which states keys should not be

held in unattended premises overnight. The Council has contacted the insurers during the audit who stated the income would not be covered if unforced entry was obtained. There is a therefore a risk insurance would be invalidated if someone knew or was able to guess the relevant combination.

Recommendation 9 – Management should review the current safe-key holding arrangements and ensure a suitable process is in place to ensure income is fully covered by the Council's insurance.

5.4.4 Guidance has been documented for the cash collectors' daily tasks.

5.4.5 Both cash collectors and CEO's use a lone working device. The CEO's also use bodycams. Helmets, working in pairs, additional security on the collection vehicle which is also fitted with GPS tracker.

5.4.6 Staff operating bodycams are required to complete the information governance e-learning courses. All the team have completed the GDPR training and all the team other than the two cash collectors have completed the Cyber Security Training.

5.4.7 The bodycams are checked before being used to ensure that they are in working order, no record of this is maintained.

Recommendation 10 – A signing in and out sheet should be retained to confirm that each bodycam has been checked and is in working order.

5.4.8 Bodycams are used and only activated to record as and when needed. The individual would be advised that they are being recorded both visually and audibly and given an information card.

5.4.9 The Council owns the bodycams and has a cloud agreement with Wireless CCTV, the agreement provided during the audit review expired in July 2019. The Team Manager - Parking & Enforcement confirmed that the agreement has been renewed and a copy of this has been requested.

5.4.10 Lone working devices are owned by Skyguard and the Council has a 12-month contract on each device, which includes a 24 hour call centre. If a device was faulty it would be returned to Skyguard who would replace it.

5.4.11 There are CCTV cameras in some of the car parks. The Council own the cameras and manage their operation. The Team Manager – Parking & Enforcement has access to the

footage. The cameras are checked monthly and third-party engineers are available to repair any camera not working correctly.

5.4.12 There is currently no log retained of checks / maintenance to the CCTV. The Council's Surveillance Camera Policy states there is a clear requirement for all surveillance camera schemes to have an effective maintenance schedule operated in accordance with relevant guidance. The CCTV is old and is no longer fit for purpose. The team are considering options for replacing / upgrading the CCTV. Two quotes have been received, but additional quotes are needed before a decision can be made.

5.4.13 The cash office is also monitored by CCTV, the view is checked intermittently. There is currently no log retained of checks / maintenance for the CCTV.

Recommendation 11 – A maintenance register should be implemented for the CCTV which covers the car parks and cash office.

5.4.14 If any requests are received about CCTV coverage (usually via email), a Surveillance Camera Viewing / Footage request Form is sent out to be completed and returned. A request was received during the audit review and this form was sent out for completion. This is the first request received since the policy was issued in May 2019.

5.5 Value – effectiveness and efficiency of operations and programmes

5.5.1 CEOs report any issues or required maintenance that are identified in car parks, such as a pothole. There is no documented procedure for this process, nor for the process once the issue has been reported. These issues are not recorded and as a result there is no check in place to ensure they have been rectified. **See Recommendation 1.**

5.5.2 According to the Safety Inspection Guidance Notes (Version 5) pay and display car park inspections should be completed quarterly, the last inspections were undertaken in October 2018.

Recommendation 12 – Car Park inspections should be undertaken within the required frequency.

5.5.3 A web-office system is used to monitor the car parking ticket machines that the Council own. The system is checked daily to see if there are any faults on the car park ticket machines. If a fault is noted an officer would try and fix it, if unsuccessful an engineer would be called. No guidance or procedures have been documented for the process for checking and fixing ticket machines. **See Recommendation 1.**

5.5.4 A pilot scheme 'free after three' was implemented on 1/8/2019 and is due to continue until 31/03/2020 where there is free car parking from 3pm in three city centre car parks. This was extended to include additional city centre car parks for 'Late Night Thursdays' for the lead up to Christmas. The Team Manager – Parking & Enforcement is monitoring this on a monthly basis and reporting the data to the Neighbourhood Services Manager.

5.5.5 The Sands Centre offers two hours free car parking for gym users. At the time of the audit review there was no process in place to give assurance that the scheme is appropriately administered.

Recommendation 13 –The Council should obtain assurances that the Sands Centre monitors both current and future car parking arrangements.

5.5.6 There is no documented process for requesting or booking car park closures due to internal or external events. (free & paid for) An example was noted where officers were asked to arrange the closure of a car park at short notice due to an insufficient booking process. **See Recommendation 1.**

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1 - Procedures should be updated to ensure all processes are documented.	M	If procedures are not clearly documented, officers may be unsure of their roles and responsibilities this may lead to reputational damage to the Council.	Procedures have now been documented.	Team Manager (Parking & Enforcement) & Finance Officer (Systems, Controls and Development)	12 February 2020
Recommendation 2 - The Deputy Chief Executive should formally approve the use of bodycams.	M	Failure to comply with Council policies may lead to reputational damage to the Council.	Documentation sent to Deputy Chief Executive for approval.	Team Manager (Parking & Enforcement)	12 February 2020
Recommendation 3 - Risk assessments should be reviewed and brought up to date.	M	Failure to monitor risks assessments may lead to officers and members of the public being put at risk.	All risk assessments reviewed and updated.	Team Manager (Parking & Enforcement)	12 February 2020

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 4 - All existing agreements (including Loomis if necessary) should be reviewed to ensure that they cover the service provided / received, reflect the correct charges and are signed by an authorised signatory from both parties.	M	There is a risk of reputational damage to the Council if an agreement / contract is not in place.	Agreements will be reviewed/set up.	Team Manager (Parking & Enforcement)	30 April 2020
Recommendation 5 - The Outstanding debts should be resolved, and a revised service level agreement should be presented to M&S including relevant fees.	H	There is a risk of loss of income and reputational damage to the Council if agreements are not up to date.	Will liaise with Legal Services and Finance to draw up new SLA and outstanding debt.	Team Manager (Parking & Enforcement)	31 March 2020

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 6 - The Team Manager – Parking & Enforcement should be notified of all discrepancies on a monthly basis and immediately of any in excess of £30.	M	Errors are not investigated which may result in a loss of income to the Council.	All differences in excess of £30 will be reported to Team Manager immediately, a monthly report will be sent by finance as well, so all discrepancies are notified.	Team Manager (Parking & Enforcement) & Finance Officer (Systems, Controls and Development)	12 February 2020
Recommendation 7 - A management check should be introduced to ensure that all cancelled parking fines (PCNs) have been appropriately approved.	M	Incorrect practice not identified and rectified may result in loss of income for the Council.	Procedure in place for cancellation process and Team Manager to carry out monthly reviews.	Team Manager (Parking & Enforcement)	12 February 2020

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 8 - A full review should be completed and brought up to date including setting up a Traders Licence and agreement.	M	There is a risk of reputational damage to the Council if a license / agreement / contract is not in place.	A car park strategy is currently being developed in partnership with Councillors to support our Local economy, some projects in place including Free after 3. Current activity will be looked at and actioned following Legal advice.	Team Manager (Parking & Enforcement)	31 March 2020
Recommendation 9 - Management should review the current safe-key holding arrangements and ensure a suitable process is in place to ensure income is fully covered by the Council's insurance.	M	Safeguarding of assets is not effective because of inadequate safeguarding arrangements.	Clarification being sought from insurance.	Team Manager (Parking & Enforcement)	12 February 2020
Recommendation 10 - A signing in and out sheet should be retained to confirm that each bodycam has been checked and is in working order.	M	Failure to monitor bodycams may result in insufficient evidence to support investigations following an incident.	Signing in and out sheet and process completed.	Team Manager (Parking & Enforcement)	12 February 2020

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 11 - A maintenance register should be implemented for the CCTV which covers the car parks and cash office.	M	Failure to monitor CCTV may result in insufficient evidence to support investigations following an incident.	Maintenance register set up.	Team Manager (Parking & Enforcement)	12 February 2020
Recommendation 12 - Car Park inspections should be undertaken within the required frequency.	M	Failure to regularly undertake car park inspections may increase the risk of officers and members of the public being put at risk, for example slips, trips and falls.	Programme of inspections have started in January 2020 and will be completed by the end of February 2020	Team Manager (Parking & Enforcement)	29 February 2020
Recommendation 13 - The Council should obtain assurances that the Sands Centre monitors both current and future car parking arrangements.	M	Insufficient assurances over contract delivery may lead to loss of income and reputational damage to the Council.	Further discussions to held with GLL. CEOs will carry out routine checks to ensure virtual permits issued correctly.	Team Manager (Parking & Enforcement)	19 February 2020

Appendix B - 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 C

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).