

Title of Report:	Car Parking Income Internal Audit
Committee Report Submitted To:	Audit Committee
Date of Meeting:	9th March 2022
For Decision or For Information	For Information

Linkage to Council Strategy (2019-23)	
Strategic Theme	Improvement and Innovation
Outcome	Satisfactory
Lead Officer	Audit, Risk & Governance Manager
Cost: (If applicable)	n/a

Budgetary Considerations	
Cost of Proposal	n/a
Included in Current Year Estimates	YES/NO
Capital/Revenue	Revenue
Code	n/a
Staffing Costs	Internal Staffing Cost to Complete

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

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Executive Summary

The Car Parking Income internal audit was completed in accordance with the Council's approved annual Internal Audit Plan for 2021/22. This report summarises the findings arising from a review of the management of Off Street Car Parking arrangements within Council.

During the audit we found the following examples of good practice:

- The provision of off-street parking enforcement and penalty charge processing services has been contracted out through a services agreement between the Causeway Coast and Glens Borough Council and Car Park Services Limited dated 2018. The agreement is comprehensive and includes all the agreed terms and conditions that would be usual practice in contracts of this nature.
- Council offers a range of payment methods including the Just Park cashless payment system which is now available in all pay and display off-street car parks. The system provides an alternative method of paying for your parking other than using coins at the pay and display machines, which is both convenient and more secure for users of the car parks.
- There is no need to show a pay and display ticket on your vehicle, as traffic attendants can check if parking has been paid using cashless parking.

A number of areas have been highlighted in this report where controls could be enhanced. The following table summarises the total number of recommendations arising from this audit (all recommendations have been accepted by management):

Risk	Number of recommendations & Priority rating		
	1	2	3
There is a potential that controls around income collection and reconciliation are inadequate leading to financial loss to CCAG.	-	1	-
Potentially 3 rd party contracts/arrangements are not adequately managed leading to financial loss to CCAG	-	1	-
There may be inadequate controls in place regarding the banking of cash income.	-	-	-
Policies and procedures for managing parking enforcement may be insufficient leading to loss of financial income.	-	1	1
Total recommendations made	-	3	1

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory

Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

The weaknesses identified during the course of our audit have been brought to the attention of Management. The weaknesses outlined are those which have come to our attention during normal audit work and are not necessarily all the weaknesses, which may exist.

The content of this report has been discussed with the Head of Service and Director to confirm factual accuracy. The assistance and cooperation received during our review is gratefully acknowledged.

Objective

The main objective of the audit was to review the key systems and controls in relation to the management of Council maintained off street car parking.

This report has been prepared for the Members of Causeway Coast and Glens Borough Council and should not be disclosed to any third party, quoted or referred to without prior written consent of the author.

Background

In April 2013 the Northern Ireland Executive reconsidered the position regarding the transfer of certain road related functions to the councils and concluded that district councils should become responsible for the future ownership, management and operation of off-street parking places and the enforcement of parking conventions occurring in such parking places. Park and ride and park and share car parks would remain the responsibility of the Department.

As of 1st April 2015, off street car parks transferred to Council. The Council is now responsible for all aspects relating to the management, operation, maintenance and enforcement of these carparks, this includes setting tariffs, lighting and their upkeep.

Until the 1st November 2019 the enforcement of these off-street car parks remained through the use of an existing contract with the Department for Infrastructure (DfI) with the company, NSL. However, from the 1st November 2019, the Council have appointed a new provider Car Park Services Ltd to carry out the enforcement of car parking regulations in its car parks.

Council is not responsible for On-street parking, On-street enforcement, private car parks, residential car parks and retail car parks.

Council offers a range of payment methods including the Just Park cashless payment system which is now available in all pay and display off-street car parks. The system provides an alternative method of paying for your parking other than using coins at the pay and display machines, which is both convenient and more secure for users of the car parks.

Risks

The risks identified relating to the management of the off street car parking and agreed with management are as follows:

- There is a potential that controls around income collection and reconciliation are inadequate leading to financial loss to CCAG.
- Potentially 3rd party contracts/arrangements are not adequately managed leading to financial loss to CCAG
- There may be inadequate controls in place regarding the banking of cash income.

- Policies and procedures for managing parking enforcement may be insufficient leading to loss of financial income.

Audit Approach

The audit fieldwork comprised of:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Director of Environment Services
Head of Finance
Car Parks Manager
Financial Accountant

Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations.

6.1

Issue 1 – Car Parking Income Policy

a) Observation-

There is a signed contract in place between the Council and the car parking service providers which makes clear the roles and responsibilities in relation to car park income management between both parties.

The Council finance team has developed a 'Car Park Contract Information Required' document. Within this document the internal procedures that Council's finance team undertake are listed, these include:

- Officer inputs information from pull tickets onto weekly cash income spreadsheet and reconciles to client return, any discrepancies raised with Car park Services.
- Officer advises Financial Accountant when each month is complete.
- Officer posts income received into the bank from car park services and Just Park.

- Financial Accountant posts monthly income journals as part of managements accounts process for all car parking income and accrues contract invoice were necessary.

However, within Council there is no policy or procedure in place for defining the roles and responsibilities of both the finance section and the car parking manager. It is unclear who has responsibility for reviewing income each week/month to determine trends/comparisons of car parking income received.

b) Implication-

There is a risk that prevailing working practices have not been formally articulated and/or new staff will not have recourse to current procedures undertaken.

c) Priority Rating-

2

d) Recommendation-

A policy and procedure should be developed to capture all aspects of the administration, reconciliation and management of the Councils car parks. The policy should clearly define roles and responsibilities of staff to ensure continuity should there be a change in key personnel within the service areas.

A clear process should be established to facilitate reconciliation or checking of income collected by the provider with monies received for car parking enforcement by the Council.

e) Management Response-

Finance staff have clearly defined roles and responsibilities when posting the car park income. The Financial Accountant is responsible for reconciling the income and to raise any issues with Car park Services however this needs formally documented. More regular meetings with the car park manager may be required to discuss trends, etc.

Responsible Officer & Implementation Date-

Financial Accountant – April 2022

6.2

Issue 2 – Council website update in relation to car park enforcement policy

a) Observation-

The Council's website contains an Off Street Car Parking section. Within this section of the website various headings are contained such as:

- Councils partners to bring cashless parking across the region
- Council appoints new provider for car park enforcement
- If you have been issued a PCN on street, this is the responsibility of DfI.
- If you have been issued a PCN in one of the Councils car parks follow the guidelines below.

A link is contained within the PCN on street section to [indirect.gov.uk/challenge a parking ticket](https://www.indirect.gov.uk/challenge-a-parking-ticket) which details the process for challenging a PCN. It was noted that

this website has not been updated to include the prefixes for the East Strand Car park being CPS.

In addition, it was noted that the PCN in one of Councils car parks section of the website does not detail the process as to how these PCN tickets can be challenged.

b) Implication-

The process involved in appealing PCNs issued in Council owned car parks may be unclear to drivers.

c) Priority Rating-

3

d) Recommendation-

It is recommended that Environmental Services review both the Council website and the NI direct website to ensure that they are both up to date and that clear guidelines are given for appeals in relation to PCNs.

The car parking enforcement policy should be adequately published on the Council website.

e) Management Response- Accepted

Council officers have no control over the NI Direct website and therefore are unable to action the first point.

Council officers will review the Off Street section of the Council website to ensure there is a 'link' to a car parking enforcement policy which will contain clear guidelines are given for appeals in relation to PCN's.

Responsible Officer & Implementation Date-

Car Parking Manager & March 2023

6.3

Issue 3 – Write Off Penalty Charge Notice Appeals (PCNs)

a) Observation-

The process for handling appeals and collecting outstanding PCNs was noted to be working well with the appropriate recovery action being taken where necessary.

However, an issue was noted in that unrecoverable PCNs and appeals where amounts are written off by the Contractor as uncollectable had not obtained approval from the Chief Finance Officer, in addition this amount has not been reported to Council for consideration.

b) Implication-

Amounts written off may not have received the appropriate delegated approval within Council.

c) Priority Rating-

2

d) Recommendation-

Within the Councils debt policy amounts less than £1,000 can be written off with the approval of the Chief Finance Officer (Head of Finance). Debts amounting to over £1,000 needs the delegated approval of the Council. It is recommended that PCN amounts written off each quarter is presented to the Chief Finance Officer for consideration, approval and presented to the Finance Committee for information purposes.

Where these amounts are more than £1,000 a report should be prepared and presented to the Finance Committee on a quarterly basis for approval.

e) Management Response-

Where individual PCN debts are less than £1,000 they will be covered by the delegated write-off authority of the Chief Finance Officer however these are not currently being reported to Council in accordance with the Debt Management Policy. The Debt Management report for April 2022 finance committee will include a section covering PCN write-offs for the 2021/22 financial year and this will then be included on a quarterly basis from July 2022 onwards. Any individual PCN debt in excess of £1,000 will require Council approval before write-off and these will be reported as and when they arise with the write-off not being fully agreed until Council ratification.

Responsible Officer & Implementation Date-
CFO April 2022

6.4

Issue 4 – Maintenance Inspection Reports for Car Parks

a) Observation-

It was noted in a previous internal audit report that Inspection reports are not being issued to the Car Parking Manager for information and consideration.

The Car Parking Manager was advised that he was to be given access permissions to the Tabs system to allow access to inspection reports as and when required. This is of particular importance for car parks with high foot fall that may require immediate works to be followed up and actioned.

b) Implication-

There is a risk that car park maintenance is not been actioned in a timely manner which may result in a public liability claim for injury to the Council.

c) Priority Rating-
2

d) Recommendation-

It is recommended that the Car Parking Manager receives maintenance inspection reports in a timely basis. For low foot fall car parks this may be less frequent than car parks with high foot fall.

Furthermore, appropriate read only access to the Tabs system should be actioned providing the Car Parking Manager access to the inspection reports for all Council

car parks, enabling the Car Parking Manager to follow up on any urgent remedial works required.

e) Management Response-
Agree

Responsible Officer & Implementation Date-
Gareth Doyle & April 2022

Conclusion

The internal control environment, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include but are not limited to the possibility of poor judgement in decision – making, human error, control processes being deliberately circumvented by employees and others, management overriding of controls and unforeseen circumstances arising.

The risk associated with the management of off street car parks is considered to be low. As a result of the audit, senior management have been reminded of their statutory obligations in relation to the management of parks. Internal Audit has made four recommendations, three medium and one low. The recommendations have been accepted by management and procedures put in place to address the issues.

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Appendix II: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control, and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Appendix III: Prior Year Recommendations

Inspection Reports	
a) Observation-	It was noted that the car parking manager currently only receives inspection reports from the Moyle legacy area car parks and none from any other areas throughout the Borough.
b) Implication-	Inspection, maintenance and repair may not be implemented efficiently so that adequate safety is maintained in an economic way.
c) Priority Rating-	2
d) Recommendation-	Management should ensure that the car parking manager receives inspection reports from all Council areas.
e) Management Response-	The car parks section currently has no access to any inspection reports from car parks or has been made aware how to gain access to the online reports. Audit Comment- This issue has been raised again within the main body of the report, reference issue 4.

Appendix IV: Summary of Key Controls Reviewed

Risk	Control issues
<p>There is a potential that controls around income collection and reconciliation are inadequate leading to financial loss to CCAG.</p>	<ul style="list-style-type: none"> • Cash handling policies and procedures are in place • Reconciliation is performed between what should have been collected, what has been collected and what has been banked. • Discrepancies are recorded and fully investigated. • Machine reports are printed and corresponds with amount banked. • There is appropriate segregation of duties between staff responsible for income collection and staff with responsibility for reconciling income received into the bank. • There is adequate manager/supervisor oversight over the reconciliation process and evidence of this recorded. • The Council is assured that all monies collected from the machines has been banked in full. • Council is insured for losses relating to parking machine income. • There is sufficient monitoring from CCAG.
<p>Potentially 3rd party contracts/arrangements are not adequately managed leading to financial loss to CCAG</p>	<ul style="list-style-type: none"> • There are signed contracts/agreements in place between Council and service providers. • The contracts clearly state expected deliverables and budgets. • Contractors/service providers have adequate policies in place and have shared them with CCAG. • All cash in machines is collected appropriately. • Contractors provide reports detailing cash information and supporting evidence. • Council have appointed a manager to oversee contracts.
<p>There may be inadequate controls in place regarding the banking of cash income.</p>	<ul style="list-style-type: none"> • There is a banking policy/procedure in place • There is sufficient insurance in place to cover cash in transit from machines to bank • CCAG receive adequate and agreed upon information (reports) such as how much was collected vs how much banked, reconciliation reports, when it was banked etc. • CCAG finance officer/accountant check reports
<p>Policies and procedures for managing parking enforcement may be insufficient leading to loss of financial income.</p>	<ul style="list-style-type: none"> • Council has developed an off-street car parking management policy that has been communicated to relevant staff across Council Service Areas • Policies and procedures are in line with legislation • There is a signed contract/agreement in place with (DfI) for the enforcement of car parks in CCAG. • All appeals and write-offs are documented. • Parking fines are only issued where appropriate • PCNs are appropriately received and in cases where they are not there is a formal recovery process.