

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager
TO: Head of Neighbourhood Services
C.C. Chief Executive
Head of Finance
Parking Services Manager

SUBJECT: Car Parking Income
DATE: 27 March 2013

1 Introduction

- 1.1 In accordance with the Audit Plan for 2012/13, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate. This topic was last audited in March 2010.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 Car parking income is collected from all car parks run by the council as well as the on street machines managed on behalf of Warwickshire County Council. Income in respect of season tickets, penalty charges and parking permits are also collected.
- 2.2 In total, approximately £4m is collected per annum from these sources, with around £2.4m of this relating to Warwick District Council.
- 2.3 Extensive use of spreadsheets is made for the recording, accounting and monitoring of income from parking meters, with the web-based system Chipside being used for the management of season tickets, penalty charge notices and parking permits.

3 Scope and Objectives of the Audit

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 In terms of scope, the audit covered the following areas:
- Cash collection
 - Banking and reconciliation
 - Season tickets
 - Residents and visitors permits
 - Penalty charge notices

- Income monitoring
- Insurance

3.3 The audit programme identified the expected controls. The control objectives examined were:

- All cash paid into the parking machines is collected appropriately
- The council is assured that all monies collected from the machines has been banked in full
- Season tickets are issued appropriately
- Season ticket fees are received in line with those agreed by management and Members
- Residents and visitors permits are issued appropriately
- Residents and visitors permits fees are received in line with those agreed by management and Members
- Parking fines are only issued where appropriate
- Monies are banked appropriately
- All reasonable efforts are being made to receive monies due to the council
- Potential variances against budgeted income are identified in a timely manner
- Management and Members are aware of performance against the budget
- The council is insured against any losses relating to parking machine income.

4 Findings

4.1 Cash Collection

- 4.1.1 The money from parking machines is collected, counted and banked by an external company and this has been the case for a number of years. A current signed contract is in place which was awarded as part of a framework agreement in 2011.
- 4.1.2 When monies are collected from the parking machines, audit tickets are produced. Sample testing undertaken confirmed that the amounts shown on the monitoring spreadsheets maintained by a member of car parking staff agreed with the audit tickets provided from the corresponding machines.

4.2 Banking & Reconciliation

- 4.2.1 Once the money has been collected and banked by the contractor they email daily spreadsheets to car parking staff, detailing the amounts taken from each machine and the total of the days takings to be banked. They subsequently deliver the audit tickets and the bank paying-in slips to the parking office at St Peter's car park.
- 4.2.2 Sample testing was undertaken to ensure that the bankings as per the daily spreadsheets agreed to the paying in slips and that these amounts had been received as per the PARIS income management system. This test proved satisfactory.
- 4.2.3 The relevant Assistant Accountant also performs regular reconciliations between the amounts on the spreadsheets and the bankings shown on PARIS. She advised that no material discrepancies had been noted.

4.3 Season Tickets

- 4.3.1 Season tickets are available for a number of the car parks operated by the council. Details of current season tickets were obtained from the Chipside system and sample testing confirmed that appropriate applications had been submitted.
- 4.3.2 The fees for the different season tickets are agreed by Executive each year as part of the agreement of fees and charges. The testing undertaken confirmed that the correct fee had been received in respect of each season ticket sampled.

4.4 Residents & Visitors Permits

- 4.4.1 Residents and visitors permits were introduced following the decriminalisation of parking enforcement in August 2007. The Parking Services Manager (PSM) advised that each authority within the county had authority to set its own fees and these would have received Member approval at the time. However, these fees are not reviewed each year as part of the fees and charges review.

Risk

Members are not approving all relevant fees that are being charged.

Recommendation

The fees for residents and visitors permits should be approved each year in line with other parking fees.

4.4.2 Testing was performed on a sample of current permits, as identified on Chipside, to ensure that appropriate documentation had been submitted to support the application and that the correct fee had been paid. This test proved satisfactory.

4.5 Penalty Charge Notices

4.5.1 The legislation in place regarding the evidence required to support the issuing of a Penalty Charge Notice (PCN) indicates that evidence must be produced by an 'approved device' or information given by a civil enforcement officer as to conduct observed by him. In general, Civil Enforcement Officers (CEOs) employed by the council take photographs of the contravention in order to support the issue.

4.5.2 The Parking Services Appeals Officer (PSAO) advised that the main methods of receiving payment for PCNs is either on-line or via the phone using Capita or at post offices. Details of paid PCNs were extracted from Chipside and testing confirmed that payments had been appropriately received in all cases.

4.5.3 Where a PCN is not settled in a timely manner, a formal recovery process is followed. Details of unpaid PCNs were extracted from Chipside and sample testing confirmed that appropriate recovery action was being taken in the majority of sampled cases.

4.5.4 However, in cases where the relevant address details were not on the system, recovery processes had stalled. The recovery stage reached on the system in these instances suggested that relevant address details had been passed to Chipside in hard copy, but this had not been forwarded onto WDC. However, no further action to chase these documents, or to recover the outstanding fines, appeared to have been taken. One of these cases dated back to July 2012.

4.5.5 A summary report produced from Chipside indicated that there were 210 open cases at the time of the audit testing where the recovery stage indicated that the DVLA had been asked for information.

Risk

Outstanding parking charges are not received.

Recommendations

Regular reviews should be performed of cases that are shown as being at DVLA related stages of recovery.

The specific sampled cases should also be followed up to ensure that the cases have progressed since the time of the audit testing.

4.5.6 As part of the paid and unpaid PCN testing, the evidence held on Chipside to support the issuing of the PCNs was also reviewed. This proved generally satisfactory with only two cases not having supporting photographs on the system.

4.5.7 Testing was also performed on a sample of PCNs that had been cancelled, to ensure that they had only been cancelled where reasonable mitigating evidence had been provided. Testing confirmed that appropriate evidence had been submitted in each case to justify the cancellation of the PCN.

4.6 Income Monitoring

4.6.1 The PSM advised that he monitors income on a monthly basis. He compares it to income received in the corresponding period from the previous year and against the budgeted income figure for the period. The information is shared with the relevant Assistant Accountant who reconciles the figures to those that appear in the ledger.

4.6.2 The information is also passed to the Head of Neighbourhood Services for his information and to the Head of Finance for the budgetary performance to be reported as necessary.

4.6.3 There is no specific report to Members on car parking income performance. However, where relevant (i.e. if a variance is identified), the performance will be reported to Members as part of the quarterly budget review reports. Similar reports are also prepared for SMT.

4.6.4 Members do receive summary figures and supporting information for car parking income as part of the fees and charges report each year in order to justify the fees to be charged and the estimated budgets for the following year.

4.7 Insurance

4.7.1 The Insurance & Risk Officer advised that the money held within car park machines is insured and she provided a copy of the latest insurance schedule. She also advised that Car Parking staff had reviewed the amounts last year in order to ensure that the sums being insured for each machine were adequate.

4.7.2 The Notice Processing Team Manager provided a copy of the spreadsheet that she had produced which showed the average amount being collected from each machine, both on and off street, across the district. This confirmed that insurance in place adequately covered the average amounts being collected from each machine.

5 Summary & Conclusion

- 5.1 Following our review, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place for the management of Car Parking Income are appropriate and are working effectively.
- 5.2 Minor issues were identified relating to the approval of fees set for parking permits and the recovery processes being followed for PCNs that were at specific recovery stages on the system.

6 Management Action

- 6.1 The recommendations arising above is reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager