

FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES

PARKING INCOME AUDIT FOR 2013-14

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REVIEW OF PARKING INCOME - AUDIT FOR 2013-14

INTRODUCTION

1. This report sets out the results of our systems based audit of Parking Income. The audit was carried out in quarter Q4 as part of the programmed work specified in the 2013-14 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 3rd March 2014. The period covered by this report is April 2013 to March 2014.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

5. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

6. Bromley Council has a contract with Vinci Park for the administration of car parks, maintenance of car parking ticket machines and collection of car parking income from the ticket machines. Cash collected from machines is counted, recorded and banked by Liberata.

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7. Ticket machines are located at surface car parks, on-street parking sites and multi-storey car parks. Parking charges can also be paid by mobile phone, or by credit card (at two multi-storey car parks).
8. 2 out of 3 previous recommendations made by audit in 2012-13 have been partially implemented however the recommendation relating to procedure notes has not been actioned.
9. Audit also followed up a recommendation made by Bexley Council relating to the lack of performance data, however this has now been implemented as The Head of Parking now prepares car parking income and parking usage data.
10. The audit reviewed controls in the following areas: policies, procedures and training; contract monitoring; reconciliation and banking of income; and monitoring and reporting.
11. During the audit the following issues were identified:
 - The procedure notes for the collection and reconciliation of car park income were not version controlled and some require updating;
 - Individual payment reconciliations were reasonably up to date, but had not been performed regularly throughout the year; and
 - Processes for verifying that mobile phone income relating to parking charges is banked require improvement.

SIGNIFICANT FINDINGS (PRIORITY 1)

12. None

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

13. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

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ACKNOWLEDGEMENT

14. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Audit established that there are procedure notes available for income reconciliations. These procedure notes do not include a version control and now need updating following the introduction of Microsoft Office 2010 in January 2014.</p> <p>Version controls evidence that any changes to procedures have been documented and implemented.</p> <p>Reconciliation procedure documents already in place provide step-by-step procedures to export and compare income reports. Microsoft 2010 requires different processes and these procedure notes therefore require updating.</p> <p><u>2012/13 Findings</u> Audit established that there are procedure notes available for income reconciliations. From discussion with the Contracts and CCTV Manager, it was confirmed that the procedure notes had been updated within the last year. However, it was noted that there was no version control included on the procedural documentation.</p>	<p>Cash collection procedures for all car parking income may not be adequate to prevent financial losses.</p>	<p>The Car Parking Procedure Manual should include version control which shows most recent review date. Reconciliation procedure notes should be updated to reflect Microsoft Office 2010 procedures. Regular review of procedures ensures that these are up to date and cover all aspects of the process. [Priority 2]</p>

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>The Pay-on-Foot system used for off-street car park meters is Parkare, with Parkeon used for Pay and Display on-street parking meters.</p> <p>Audit established that whilst reconciliations of Parkare and Parkeon system reports had been undertaken, these had not been performed on a regular basis throughout the year.</p> <p>Parkeon reports were extracted to reconcile to income received on the 17th January 2014 and this reconciliation covered the period from 9th August 2013. Parkare reports were extracted on 18th January 2014 and this covered the period from 5th August 2013.</p> <p><u>2012/13 Findings</u> Audit established that reconciliations of individual credit/debit card transactions from Parkare or Yespay individual transactions listings to the batch reports of the banked amounts produced by Yespay had not been carried out since 11 August 2012.</p>	<p>Errors and income losses may not be identified for some time if regular reconciliations are not undertaken, potentially leading to increased losses.</p>	<p>Ensure that all reconciliations relating to Parking income are undertaken on a regular basis [Priority 2]</p>

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 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>Audit noted that a mystery shopping exercise was undertaken on 14th March 2014, a process which was recommended to be undertaken at least monthly in the 2012/13 audit report. This was the only mystery shopping exercise undertaken in 2013/14.</p> <p>The mystery shopping exercises pay for parking charges by mobile phone, which are then checked against income records.</p> <p><u>2012/13 Findings</u> Audit noted that mystery shopping exercises, where parking charges are paid for by mobile phone, and then checked to income records, are due to be conducted annually. However no random mystery shopper checks have been carried out in 2012 to date. Furthermore, on 25 September 2012, the Council's Environment Policy Development and Scrutiny Committee reviewed and recommended a report which advised extending the mobile phone contract, and continue reducing the number of pay and display machines where practical.</p>	<p>If checks are not conducted on mobile phone transactions, there is a risk that payments made by customers may not be received into the Council's bank account, resulting in financial loss to the Council.</p>	<p><u>2012/13 Internal Audit Recommendation</u> Mystery shopping exercises in respect of parking charges paid for via mobile phones should be conducted at least once a month using various amounts (which correspond to the increments of the parking tariffs), from various mobile phone numbers, and for various parking spaces. Each mystery shopping exercise should be fully documented, and any supporting records should be retained. [Priority 2]</p>

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The Car Parking Procedure Manual should include version control which shows most recent review date. Reconciliation procedure notes should be updated to reflect Microsoft Office 2010 procedures. Regular review of procedures ensures that these are up to date and cover all aspects of the process.	2*	Agreed.	CCTV Enforcement & Contract Manager	30 June 14
2	Ensure that all reconciliations relating to Parking income are undertaken on a regular basis	2*	Agreed.	CCTV Enforcement & Contract Manager	30 June 14

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	<p>Mystery shopping exercises in respect of parking charges paid for via mobile phones should be conducted at least once a month using various amounts (which correspond to the increments of the parking tariffs), from various mobile phone numbers, and for various parking spaces. Each mystery shopping exercise should be fully documented, and any supporting records should be retained.</p>	2*	Agreed.	CCTV Enforcement & Contract Manager	30 June 14

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OPINION DEFINITIONS

APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.