

FINAL INTERNAL AUDIT REPORT

ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF CAR PARKING INCOME-MULTI-STOREY AND ON STREET AUDIT FOR 2014-15

Issued to: Contract & Operations Manager,
Head of Shared Parking Services,
Head of Finance, Environment & Community Services,

Cc: Assistant Director, Transport & Highways,

Prepared by: Principal Auditor.

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REVIEW OF CAR PARKING - INCOME-MULTI-STOREY AND ON STREET AUDIT FOR 2014-15

INTRODUCTION

1. This report sets out the results of our systems based audit of **Car Parking - Income-Multi-Storey and On Street Audit for 2014-15** . The audit was carried out in quarter 2 as part of the programmed work specified in the 2015 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. The period covered by this report is from **April 2014 to March 2015**.
4. For 2014-15 the total controllable budget for off street car parking was £1,859,430 and the total controllable budget for on street parking was £2,101,770.

AUDIT SCOPE

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

AUDIT OPINION

6. 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.

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MANAGEMENT SUMMARY

7. The audit concentrated on the following areas:-
 - Cash collection procedures
 - Shared services arrangement
 - Contract Monitoring
 - Car parking income reconciliations
 - Discrepancies
8. The previous audit recommendations were also reviewed to confirm implementation. These related to :-
 - Procedures
 - Reconciliations
 - Mystery shopping exercises in relation to the parking charges paid via mobile phones.
9. It was previously agreed by management that these mystery shopping exercises should be undertaken monthly and raised in previous audits. The Head of Service sought advice from Internal Audit regarding the necessity of undertaking these checks. It was suggested that these checks should be undertaken quarterly or every 6 months, but this balanced with resources, should be a management decision.

SIGNIFICANT FINDINGS (PRIORITY 1)

10. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

11. 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.

ACKNOWLEDGEMENT

12. 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>As detailed within the Bromley Parking Income procedures (1st April 2015), the Reconciliation Officer (RO) will review each Monday the last daily cash collections and any variation amounts over £5 and will place these details within the daily cash shortfalls spreadsheet awaiting an updated email by the contractor senior engineer. The contractor will then investigate any variation over £5 and advise the RO & Contract Manager by email detailing why a variation has occurred or they have investigated and cannot confirm why this variation has occurred.</p> <p>Any unexplained variations should be investigated by the Reconciliation Officer and if unable to supply details as to why there is a difference and report such details to the Contracts Manager for further investigation.</p> <p>Having reviewed the daily cash collections for Car Park A and Car Park B- it can be seen that for week commencing 14/2/15 there are a few shortfalls.</p> <p>Car Park A £7.20 shortfall 14/2/15. The explanation from the contractor was that there were 'no issues and looking at the diverter again sending money to</p>	<p>Unexplained losses could recur at a cost to the Authority.</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
	<p>hoppers and registering on box'.</p> <p>Car Park A £120.00 shortfall 20/2/15. The explanation from the contractor was that this was due to the audit id changing causing issues and refers to the 31st October 2014. The 'Short and Over Not less than £5' report for Week 47 states that they are still working on all the issues'.</p> <p>Car Park A £200.00 shortfall 20/2/15.The explanation from the contractor was that this was due to the audit id changing causing issues and refers to the 31st October 2014.The 'Short and Over Not less than £5' report for Week 47 states that they are still working on all the issues. An extract of the report for the 31/10/14 states that ' the I Car Park A was over by £159.35 this is mostly due to machine resetting its id audit number that it gives us when we pull the machine, but this has affected the figures in some way.'</p> <p>Car Park B £6.00 shortfall 14/2/15.The explanation from the contractor was that there were 'no issues and looking at the diverter again sending money to hoppers and registering on box'.</p>		

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Priority 3
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>From reviewing the information regarding the discrepancies it is also noted that any large discrepancies are not discussed at the contract monitoring meetings.</p>		<p>Large discrepancies within daily/weekly collections totalling £100 or more should be discussed at the monthly contract monitoring meetings. Any email correspondence from the contractor relating to the discrepancies should be held with the short and over not less than £5.00 reports.</p> <p>[Priority 2]</p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>The daily cash collections for the Car Park A and Car Park B were reviewed for the period 14-2-15 to 20-2-15 inclusive.</p> <p>For the Car Park B there were no issues arising for this period, all audit tickets were located.</p> <p>For the Car Park A it was found that for this period that in total there were 11 audit tickets not available for review at the time of testing totalling a value of £ 6,553.40.</p>	<p>Unable to verify actual daily cash collection figures.</p>	<p>Audit Tickets must be retained in order to verify cash collected. The value of the missing tickets total £6,553.40 collectively and this income cannot be verified as correct. The missing tickets should be located without delay.</p> <p>[Priority 2]</p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Large discrepancies within daily/weekly collections totalling £100 or more should be discussed at the monthly contract monitoring meetings. Any email correspondence from the contractor relating to the discrepancies should be held with the short and over not less than £5.00 reports.</p>	2	<p>This will be introduced in to the contract meeting as from Jan 16.</p>	<p>Contracts & Operations Manager.</p>	<p>Jan 2016</p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	Audit Tickets must be retained in order to verify income. The missing tickets should be located without delay.	2	There was some confusion as the supply of these audit tickets as they were thought to have been provided. However in trying to locate them again it can be seen that the requested dates are the only tickets missing for this month. The actual tickets are a printout of the systems data, which can be viewed via the Parkeon & Parkare system so can be reproduced via the system data. Their function is mainly to provide a physical verification from the cash collectors via the machine to the cashiers, confirming exactly what the machine advises as the total amounts collected. The income can be verified as the correct amount via the Web based systems.	Contracts & Operations Manager.	Ongoing

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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 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.