

FINAL INTERNAL AUDIT REPORT

ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT

REVIEW OF CAR PARKING INCOME AUDIT FOR 2015-16

Issued to: Allen Herve, Contract & Operations Manager,
Ben Stephens, Head of Shared Parking Services,
Claire Martin, Head of Finance, Environment & Community Services,

Cc: Colin, Brand, Assistant Director, Leisure & Culture,

Prepared by: Principal Auditor,

Date of Issue: June 15th 2016

Report No.: ENV/004/01/2015.bf

REVIEW OF CAR PARKING INCOME AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of **Car Parking Income Audit for 2015-6**. The audit was carried out in quarter 4 as part of the programmed work specified in the 2016 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.

AUDIT SCOPE

3. This review concentrated on Multi Storey car parking income for the period 4/4/15 – 10/4/15 and also 22/8/15-28/8/15 for both the Hill Car Park and the Civic Car Park. Audit tickets were selected for testing for both the Hill Car Park and the Civic Car Park for the month of April 2015 only.
4. This review also included the follow up of the audit recommendations made within the Car Parking Income Audit for 2014-15.
5. For 2015-16 the total net budget for off street parking was £1,844,740 whilst the on street was £3,716,840. As at December 2015, the actual parking fee income overall was £4,569,969.

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.

REVIEW OF CAR PARKING INCOME AUDIT FOR 2015-16

MANAGEMENT SUMMARY

7. Transactions were reviewed within the Daily Cash Collections for the Civic Car Park and the Hill Car Park. Shortfall's and overs were reviewed in line with the Shorts & Overs Not Less Than £5.00 Report :-
- Inconsistencies were found as there were missing responses from the contractor. Responses were provided by the contractor in some cases for only part of the amount resulting in unexplained losses. The contractor raised the issue in some cases to a third party but no update has been provided in relation to the outcome. These issues are not being recorded at the contract monitoring meetings.
 - It was found that there were missing audit tickets for the period 4/4/15 – 10/4/15 for both the Hill and Civic Car Park totalling £6109.90.
 - Both recommendations made within the 2014-15 report were found through testing to remain outstanding and therefore have been re-recommended.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. None.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. 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

10. 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><u>April - Civic Car Park</u> It was found that for the Civic Car Park on 4/4/15, there was a shortfall of £262.20. The contractor response was that 'Civic Centre MSCP POF 6 coins short £262.40 this has been put under the wrong machine by treasury. It should be under The Hill MSCP POF 6 coins and I found issues with the audit figures or system. Looking at the hoppers etc.'. However, no corresponding entry could be found for the same amount for the Hill Car Park having amended the Civic Centre Car Park figures. For Civic Car Park on 8/4/15 there was a shortfall of £5.15.</p> <p><u>April - Hill Car Park</u> On 4/4/15, it showed £15.41 over, but there was no explanation. On 9/4/15, it showed that there was a shortfall of £5.50. The contractor response was that 'The Hill MSCP POF 2 coins short £5.50 I have checked the audit figures and all correct. Looking at validator and diverter. But also getting the breakdown of coins for each collection would be a help'.</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><u>August - Civic Car Park</u> It was found that for the Civic Car Park on 22/8/15, there was a shortfall of £22.10. The contractor response was that 'Civic Centre MSCP POF 7 coins short £17.55 this is being called in to Parkare as it is a constant issue with the busy machines. Also this machine keeps going blank'. For 25/8/15 there was a shortfall of £7.35 on 25/8/15. The response from the contractor was that 'Civic Centre MSCP POF 7 coins short £7.55 this is being called in to Parkare as it is a constant issue with the busy machines. Also this machine keeps going blank.' The contractor refers to a single amount rather the total variance. On 26/8/15, there is a reported shortfall of £8.55.</p> <p><u>August -Hill Car Park</u> On 25/8/15, there was a shortfall of £31.25. The contractors response' The Hill MSCP POF 1 coins short £16.40 this is being called in to Parkare as it is a constant issue with the busy machines.' Additionally, for the same day, the contractor also mentioned that 'The Hill MSCP POF 2 coins short £5.60 this is being called in to Parkare as it is a constant issue with the busy machines. There is still an unexplained shortfall of £9.40. On 27/8/15, there was a shortfall of £5.00. The contractor's</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>response was 'The Hill MSCP POF 1 coins short £5.00 this is being called in to Parkare as it is a constant issue with the busy machines'.</p> <p>There is no mechanism whereby the responses from the contractor is formally accepted or rejected by management. Having reviewed the contract monitoring minutes, the responses for short's and over's are not specifically recorded only that the report should be submitted monthly to the Contract & Operations Manager.</p>	<p>Unexplained losses and inadequate contract monitoring of issues that need to be clarified with the contractor.</p>	<p>Under's and overs should be discussed as part of the contract monitoring meetings where the amounts are £100 or more. Where the contractor escalates the issue to a third party, management should ensure that the matter has been adequately resolved. Any email correspondence from the contractor relating to the discrepancies should be held with the short and over not less than £5.00 reports with a note from the client side accepting or rejecting the explanation.</p> <p>[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>Income collected from the Hill Car Park and Civic Car park were reviewed for the period 4/4/15-10/4/15. It was found that the required audit tickets could not be located for audit testing :-</p> <p>4/4/15 for £578.55 Civic Car Park 6/4/15 for £581.25 Civic Car Park 4/4/15 £919.00 Hill Car Park 4/4/15 £525.00 Hill Car Park 6/4/15 £830.00 Hill Car Park 7/4/15 £579.90 Hill Car Park 7/4/15 £545.00 Hill Car Park 8/4/15 £506.20 Hill Car Park 8/4/15 £610.00 Hill Car Park 8/4/15 <u>£435.00</u> Hill Car Park <u>£6,109.90</u></p>	<p>Unable to verify actual daily cash collection figures.</p>	<p>Audit Tickets must be retained in order to verify cash collected.</p> <p>[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	Under's and overs should be discussed as part of the contract monitoring meetings where the amounts are £100 or more. Where the contractor escalates the issue to a third party, management should ensure that the matter has been adequately resolved. Any email correspondence from the contractor relating to the discrepancies should be held with the short and over not less than £5.00 reports with a note from the client side accepting or rejecting the explanation.	2*	<p>The contractor will provide a summary and list of all under and overs for the period Monday to Sunday to the Contract Manager by the following Friday.</p> <p>The contract manager will review and reply accepting or questioning and discrepancies by the following Friday.</p> <p>Each month the previous months discrepancies shall be discussed and a formal minute of action required recorded.</p>	Contract Manager	Immediate
2	Audit Tickets must be retained in order to verify cash collected.	2*	<p>From the original request for documentation it was believed that all audit tickets had been provided. On being advised that the Auditor did not have the specific tickets the</p>	Contract Manager	Immediate

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
			<p>file was again checked to find that the only Audit tickets missing were for those dates that were requested.</p> <p>Audit tickets can be reproduced from the system if required. Therefore original tickets are not essential in this process.</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

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.