



FINAL INTERNAL AUDIT REPORT

PARKING INCOME

PLA/11/2022

January 2024

Auditor	Assistant Manager
Reviewer	Manager
	Partner

Distribution list

Job Title
Head of Service Shared Parking Services
Assistant Director of Traffic and Parking
Director of Environment and Public Protection

Executive Summary

Audit Objective	The overall objective of the audit was to review the effectiveness of controls over the adequacy, identification, monitoring and accounting of Parking Income to confirm charges applied are in accordance with those approved by the Council, and monies due are promptly received and banked.
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Assurance Level		Findings by Priority Rating		
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.	Priority 1	Priority 2	Priority 3
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Key Findings
<p>We identified areas of good practice and sound controls as set out below:</p> <ol style="list-style-type: none"> 1. We reviewed the report titled “The review of parking fees and charging processes” from the Director of Environment and Public Protection to the Portfolio Holder for Transport, Highways & Road Safety dated 22 November 2022. We confirmed that the parking charges were considered, scrutinised, and approved, as detailed in the ECS PDS meeting minutes. 2. We reviewed the Parking Orders document, including details such as the location of the parking place, number of spaces, special bays, machines, height barrier, our pay by phone provider, days and hours of operation, payment method and type, and tariff. Upon comparison of the above-mentioned report and the Parking Orders documents, we confirmed that the parking charges being applied are in accordance with those approved by the Committee. 3. We conducted a sample test of ten transactions (dated between January and April 2023) from the contractor’s parking income listing to reconcile them to the Council’s bank statements, we confirmed that the monies were banked completely (as per the income listings) and timely. 4. Our review of five months (January to May 2023) reconciliation reports (pay by phone provider, the Council’s parking system, Multi Storey Car Park, and main accounting system) produced by the service provider against the income report from the Council’s Finance system found no discrepancies. The reconciliations were carried out by the Performance Contracts Officer and ICT and Project Manager. 5. We selected a sample of ten PCNs from the cancelled/closed PCNs report (July 2022 to May 2023 period) to determine if the Notice Supervisor had checked a sample of cancelled PCNs and had adequate supporting evidence that justified the cancellation. We confirmed they were supported evidence, such as the cancellation letter, which provided its reasons. In addition, we obtained the case report as evidence that the Notice processing Supervisor regularly checked a random sample of cancelled PCNs, and we also obtained the screenshots from the system as evidence of authorisation for cancellations where applicable.

6. We sampled ten PCNs from the open PCN report (July 2022 to June 2023 period), and we noted that for nine out of ten, there was evidence that attempts were made to recover debt. In cases where debt remained outstanding, we confirmed these were handed over to third-party collection agencies, and payment was received in some cases. For some others, these were put on hold due to financial difficulties from the debtors. This was evidenced by reviewing the screenshots from the system.
 7. For one PCN, we obtained a screenshot from the system. It was explained that this could not be chased due to the fact that the DVLA was unable to provide the name and address of the registered keeper of the vehicle. Therefore, no statutory documents have been sent for this case.
 8. A signed contract agreement between the Council and the service provider is dated 31 March 2017. This is in respect of civil parking enforcement and associated services. The contract is valid for 10 years and covers key service delivery areas, such as financial arrangements, staff and complaints, contract management, and financial /contract monitoring.
 9. The contract is accessible to relevant staff via the Council's shared site.
 10. KPIs are in place in respect of the service provider as set out in the Bromley KPI Master table Appendix 10A of the contract. There are 92 KPIs which are monitored monthly through the Bromley Master KPI Table per the performance-related deductions expressed in monetary values, and supporting KPI sheets are produced for monitoring purposes. We reviewed the Bromley Master KPI Table spreadsheets for March, April, and May 2023. We confirmed that, in most instances, the KPIs were met. Where KPIs were not met, no action was taken because the performance-related reduction was below the defined threshold.
 11. The Council holds monthly contract meetings with the Business Processing Unit (BPU) (the back-office administration office responsible for responding to customer emails, amongst others). Reviewing the March, April and May 2023 meeting minutes confirmed the relevant issue regarding the contract matters specific to the KPIs were discussed.
 12. We obtained the above meeting minutes with the providers Operations Contract meeting for March, April, and May 2023. We confirmed that operational contract matters were discussed.
 13. Parking Services produces a Contractor Performance Review – Redacted Parking, January 2023, submitted to the Portfolio Holder for Transport, Highways and Road Safety. The report's purpose is to update Members on the performance of the Parking Services Contract. We reviewed the report and confirmed that some of the areas reported upon were to update Members on the performance of the Parking Services Contract, PCNs issued via CCTV, Key Performance Indicators, and Cashless system.
- We have identified the following areas for management attention:
14. **Monies due and reconciliations – Refunds** (Priority 2) We reviewed the reconciliations for cashless revenue for January to May 2023 and noted that refunds were made. However, we were not provided with evidence that an appropriate level of authority authorised all the refunds. We received approval emails confirming that the Parking Support Officers approved some refund amounts, but these refunds were not then independently checked or authorised by a senior manager. **See Recommendation 1**

15. We also raised two 'Priority 3' recommendations regarding reviewing and updating the Notice Processing Policy and the independent review of monthly reconciliations.

Management has agreed actions for all findings raised in this report. **Please see Appendix A.**

*Definitions of assurance opinions and priority ratings are in **Appendix B.***

*The scope of the internal audit is set out in **Appendix C.***

Appendix A - Management Action Plan

1. Monies Due and Reconciliations – Refunds													
<p><u>Finding</u></p> <p>We reviewed the reconciliations for cashless revenue for January to May 2023 and noted that refunds were made. However, we were not provided with evidence that an appropriate level of authority authorised all the refunds. We received approval emails confirming that the Parking Support Officers approved some of the breakdown refund amounts but there were no second checks or spot checks by a manager on the validity of the refunds. The total refunds processed for each month reviewed were as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Refund Amount</th> </tr> </thead> <tbody> <tr> <td>January 2023</td> <td>£ 1,498.70</td> </tr> <tr> <td>February 2023</td> <td>£ 1,450.06</td> </tr> <tr> <td>March 2023</td> <td>£ 61.75</td> </tr> <tr> <td>April 2023</td> <td>£ 1,413.42</td> </tr> <tr> <td>May 2023</td> <td>£ 10.50</td> </tr> </tbody> </table>		Month	Refund Amount	January 2023	£ 1,498.70	February 2023	£ 1,450.06	March 2023	£ 61.75	April 2023	£ 1,413.42	May 2023	£ 10.50
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<p><u>Risk</u></p> <p>Where the Council cannot demonstrate that refunds are appropriately authorised, there is a risk that refunds are not appropriately authorised and are made for invalid transactions, leading to financial loss.</p>													
<p><u>Recommendation</u></p> <p>Implement second authorisations or management spot checks on the refunds that are authorised by Parking Officers. The Council should maintain evidence of approval with the relevant supporting document for all refunds.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 2</p>												
<p><u>Management Response and Accountable Manager</u></p>	<p><u>Agreed timescale</u></p>												

<p>Parking Services are able to start a monthly sign off for all pay by phone refunds that have been authorised by a Parking Support Officer for that month, this will be signed off by the Parking Supervisor.</p>	<p>Feb 2024</p>
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2. Policies and Procedures

Finding

We reviewed the 'Notice Processing Policy Consideration Guidance', which is for Council Officers to use, and it is a matrix detailing different circumstances where Notices could be either accepted or rejected. This document also links circumstances to other Policies such as bank holiday restrictions, blue badges and dropping off passengers.

However, we found that this guidance was not dated or version-controlled. Therefore, we cannot confirm if it is up to date or subject to regular reviews when circumstances change.

Risk

Where procedural guidance is not dated with version control, there is a risk that the guidance does not align with current legislation, or inconsistent practices may exist where procedures do not reflect operations in practice. This could result in non-compliance with the legislative requirements or inefficient working practices.

<p><u>Recommendation</u></p> <p>Management should consider defining the process of periodic review schedule for the 'Notice Processing Policy Consideration Guidance' to ensure ongoing reviews take place for this document and any other relevant policies and procedures. Documents should be assessed to determine the frequency of review required.</p> <p>Subsequently, evidence of review should also be shown on the policies and procedures by updating the document version control and including the next review date.</p>	<p><u>Rating</u></p> <div style="border: 1px solid black; background-color: #92d050; padding: 5px; display: inline-block;">Priority 3</div>
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<p><u>Management Response and Accountable Manager</u></p> <p>A version control will be added and a next review date.</p>	<p><u>Agreed timescale</u></p> <p>April 24</p>
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3. Monies Due and Reconciliations – Independent Checking of Reconciliations

<p><u>Finding</u></p> <p>We were informed by the Head of Service Shared Parking Services that monthly reconciliations between the reports produced by the service provider against the income report from the finance system are carried out by the Performance Contracts Officer and the Parking Projects and Information Communications Manager (ICT) Manager.</p> <p>We reviewed the reconciliations for the five months January to May 2023 and observed that these were completed in a timely fashion and balanced. However, the Head of Service Shared Parking Services advised independent checks were performed by the Finance team and the Head of Service Shared Parking Services. We were provided with the spreadsheets as evidence of independent checking; however, the spreadsheet did not specify who independently checked the reconciliations.</p> <p><u>Risk</u></p> <p>Where the reconciliations are not independently checked, there is a risk that errors, omissions, or misstatements may go unnoticed.</p>	
<p><u>Recommendation</u></p> <p>The Council should maintain a robust audit trail as evidence of independent checking of reconciliations.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 3</p>
<p><u>Management Response and Accountable Manager</u></p> <p>A monthly sign off can be completed and recorded. This will be signed and dated by the Head of Shared Parking Services</p>	<p><u>Agreed timescale</u></p> <p>April 2024</p>

Appendix B - Assurance and Priority Ratings

Assurance Levels

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

Action Priority Ratings

Risk Rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.

Appendix C – Audit Scope

Audit Scope

We reviewed the adequacy and effectiveness of controls over the following risk areas:

- **Tariffs**

- Robust process is in place to determine and approve car parking charges by Council, with sufficient scrutiny and challenge, and
- Charges being applied for car parking are in accordance with those approved by the Council.

- **Monies Due and Reconciliations**

- All monies due to the Council in respect of car parking are promptly received and banked, and
- There is an effective reconciliation process between monthly activity reports and payments received in respect of all car park activity.

- **PCNs**

- To confirm issued and cancelled on-street parking fines are supported with appropriate evidence, and
- To confirm actions are taken to recover debt/outstanding PCNs.

- **Contract Monitoring**

- To confirm a signed contract is present between the two parties;
- The Councils' contract with the provider enables the Council to issue rectification notices and default notices to the Contractor where service delivery falls short of expectations;
- Where applicable, rectification/default notices had been issued appropriately;
- The assigned Contract Manager attends monthly operational contract monitoring meetings with the contractor's representatives, and
- Key performance indicators relating to Parking activity are in place and are reported to a relevant Committee.