



# Car Parking 2015-16

## City of York Council

### Internal Audit Report

Business Unit: Parking Services  
Responsible Officer: Asst. Director - Communities, Culture & Public Realm  
Service Manager: Head of Parking Services  
Date Issued: 25<sup>th</sup> May 2016  
Status: Final  
Reference: 10610/002

	P1	P2	P3
<b>Actions</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Overall Audit Opinion</b>	Reasonable Assurance		

# Summary and Overall Conclusions

## Introduction

The Council is responsible for enforcing parking regulations within its area under the decriminalised parking scheme introduced by the Traffic Management Act 2004. Regulations cover both on-street parking (such as yellow line restrictions and residents' priority parking zones) and council car parks. Drivers are issued with penalty charge notices (PCNs) for any contravention of the regulations.

The council has 15 car parks with 57 residential parking zones, 11 on-street parking areas and all single and double yellow lined public highway streets with the council raising around £7m of car park income each year from them. The council also collects around £0.5m from PCNs that are issued across the city.

## Objectives and Scope of the Audit

The purpose of this audit is to provide assurance to management that procedures and controls within the system will ensure that:

- the cash paid into machines in car parks is banked correctly and promptly,
- all income from penalty charge notices and parking permits are collected and effective recovery action is taken to recover unpaid income,
- debts are written off appropriately and according to Council financial regulations.

## Key Findings

A significant issue has been identified, in that the Parking Gateway system which is used to record details of Parking permits and Penalty Charge Notices (PCNs) is not compatible with the council's Financial Management System (FMS). Therefore it is not possible to confirm whether the full price has been paid for Parking permits and PCNs as amounts paid are manually entered onto the Parking Gateway system with no electronic or manual reconciliation to FMS being carried out. However, it was confirmed that all money that is paid for Parking permits and PCNs appears correctly on FMS because this forms part of the council's daily cashing up process to confirm that all money received by the council has been banked.

The process for responding to appeals and collecting outstanding PCNs was found to be working well with appropriate recovery action being taken where necessary. However, an issue was noted in that unrecoverable PCNs are being written off on the Parking Gateway system once they had been returned by the bailiff as uncollectable even though no approval had been obtained from a Chief Officer. This is a breach of the council's Financial Regulations.

## Overall Conclusions

It was found that the arrangements for managing risk were satisfactory with a number of weaknesses identified. There is an acceptable control environment in place but a number of improvements can be made. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

# 1 Reconciling Parking Gateway to FMS

## Issue/Control Weakness

Cash received for Parking Permits or Penalty Charge Notices (PCNs) are not reconciled between FMS and the Parking Gateway system.

## Risk

Parking Permits or PCNs could be paid for at reduced rates or 'free' of charge.

## Findings

The Parking Gateway system, which is used to record details relating to Parking Permits and PCNs, is not compatible to FMS. Money paid for Parking Permits and PCNs are correctly accounted for on FMS in the same way as other cash income with a daily cashing up process being done at the end of the day to confirm that the daily cash figure on the bank account was correct. Records are created on Parking Gateway for Parking Permits and PCNs with amounts being coded to these accounts when they are paid, however, this has to be done manually because FMS cannot transfer data to Parking Gateway because the system is stand alone and not compatible. Therefore there is no automatic reconciliation to confirm that the cash received for Parking Permits or PCNs was the correct amount. The council is budgeting to receive approximately £0.3m for Parking Permits and £0.5m for PCNs each year.

Additional work was carried out and transaction reports were run from Parking Gateway and FMS which showed that it would be possible to confirm that there are no material variances between the money that has been recorded on both systems. It would be possible to investigate variances between the systems due to the date, amount and narrative, however, because this would need to be done on a line by line basis the process would be time consuming and could only be justified if there was a material variance.

## Agreed Action 1.1

A decision will be taken with the Finance team as to how often the reconciliation between FMS and the Parking Gateway system should take place, the level of variations that need to be investigated and the person responsible for doing this reconciliation.

**Priority**

2

**Responsible Officer**

Head of Parking Services

**Timescale**

30/06/2016

## 2 Writing off unrecoverable Penalty Charge Notices

### Issue/Control Weakness

Penalty Charge Notices (PCNs) are written off on the Parking Gateway system without authorisation from a Chief Officer.

### Risk

PCNs are written off when they could still be collected.

### Findings

Once debts are returned from the bailiff as unrecoverable they are written off on the Parking Gateway system without any authorisation from a Chief Officer. The Financial Regulations state that amounts up to and not exceeding £5,000 should be written off by any Chief Officer in consultation with the CFO, who shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery. Approximately £60k of PCNs are written off each year on the Parking Gateway system without the required authorisation, which is a breach of the council's Financial Regulations.

### Agreed Action 2.1

The bailiff reports that list PCNs which are unrecoverable will be submitted to a named Chief Officer so that authorisation can be given before they are written off on the Parking Gateway system.

**Priority**

2

**Responsible Officer**

Head of Parking Services

**Timescale**

30/06/2016

# Audit Opinions and Priorities for Actions

## Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

## Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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