



Internal Audit Report  
The Environment Service  
Parking Services No: 16-25  
March 2017

## Final Report

Finance Division  
Corporate and Democratic Services  
Perth & Kinross Council  
2High Street  
Perth  
PH1 5PH

### Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

### Background and Introduction

This audit was carried out as part of the audit plan for 2016/17, which was approved by the Audit Committee on 30 March 2016.

Perth & Kinross Council’s Parking Services, managed by the Performance and Support Manager enforces all the on and off street parking throughout Perth and Kinross.

Parking Services ensure that people can park safely and conveniently. The main tasks include ensuring traffic flow; turnover of car parking space and road and pavement user safety; the operation and maintenance of the Council's car parks; determining applications for blue badges, and residents parking permits and parking bay suspensions. Education and awareness to encourage responsible parking, support for events, community engagement and partnership working are also within the Parking Services remit.

The Council has 149 on-street parking machines in use between Perth City and Crieff. In addition there are a further 48 off-street parking machines, of which 28 are in Perth City and 20 are located in 4 country towns.

The budgeted income for 2016/17 is £2,885,000 which is generated from pay and display parking, parking permits and penalty charge notices. The Council’s approved policy of setting parking charges is intended to ensure that the Parking Services Account is self-financing, to restrict demand for limited road space at peak traffic periods and to help create favourable operating conditions for public transport.

Audit testing was carried out in December 2016 and January 2017.

### Scope

In order to arrive at an opinion on the achievement of the control objectives, the audit included interviews with relevant staff within parking services and a review of the procedures in place.

Audit testing was carried out on the internal arrangements to ensure adherence to the relevant procedures.

The scope of the audit did not include a review of debt recovery and write off of parking income as this was included within audit assignment 16-01 Debt Recovery and Write off. The scope also did not include a review of parking policy.

### Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A ‘control objective’ is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control

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objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective 1: To ensure that there are adequate controls in place over the collection, recording and monitoring of Parking Services income.	
Internal Audit Comments:  Parking Services is operated in the main in accordance with laid down procedures for ensuring the appropriate collection, recording and monitoring of car parking income.  Financial monitoring is being carried out on a monthly basis  Internal Audit work carried out confirmed that comprehensive records of individual car parks' income were maintained and up to date and that adequate documentary evidence was available to support car park income transactions. Regular reconciliation's of monies collected is being carried out with appropriate segregation of duties.  A secure process is in place throughout Parking Services for the collection and storage of cash and the control and security over keys in use. However, at the time of audit the key security process was not formally documented.  Documented procedures are in place for the issuing of Penalty Charge Notices (PCNs) incorporating checks for ensuring lawful issue without delay. There are arrangements in place for the recovery of PCNs which are carried out effectively with repeat offenders identified and pursued.  The Thimble row car park is operated via a manned pay on exit system. The Service acknowledges there is scope to improve controls in this car park.  Canal Street car park underwent extensive refurbishment and was re-opened in November 2016 with charging commencing in January 2017. This may have impacted on the maximization of income to the Car Park Trading Account.	
Strength of Internal Controls:	Moderately Strong

Control Objective 2: To ensure that there are adequate arrangements in place in respect of the management of Parking Services.	
Internal Audit Comments:  The Service advised that they are in the process of undertaking a review of the structure within parking services. The outcomes from this review have yet to be approved.  There are comprehensive procedures in place for blue badges, residents' parking permits and parking bay suspensions. Testing confirmed that procedures are being followed and that an enforcement protocol is in place in respect of blue badges.  Parking Gateway is the back office computerised system which is linked to each	

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Parking Attendants' handheld device used to process PCNs. Having been in operation since 2002, the system is limited in its ability to produce detailed reports. There is also scope to improve the access rights to the system and associated written procedures.

The Service established a Car Parking Board to ensure that there is a consistent approach to car parking policy, investment, operations and communications throughout The Environment Service. In November 2016, as an improvement initiative, the Service instigated procedures for the planned identification and management of car park maintenance. This new process should enable the Service to develop a planned maintenance programme, including estimated budgetary implications.

Testing confirmed that reputational risk is being managed as per the Parking Services Reputational Management Plan for example delivering education and awareness programmes to schools and community groups, presentations to hard to reach stakeholders and articles and updates for Inside News and TES connect.

There are procedures in place to ensure that Parking Attendant patrols are appropriately scheduled and testing confirmed that patrols were well organised and systematic. The Service did, however, advise that there is minimal supervision in place to ensure that patrols are adequately completed. Staff performance and income pattern are monitored on a regular basis.

The parking attendants have used body worn cameras since 2008, and following changes in national guidance, the service carried out a privacy impact assessment on the appropriate use of these cameras. This assessment has yet to be finalised and any recommendations implemented.

Strength of Internal Controls:	Moderately Strong
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### Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

## Acknowledgements

Internal Audit acknowledges with thanks the co-operation of staff within The Environment Service during this audit.

## Feedback

Internal Audit welcomes feedback in connection with this audit or with the Internal Audit service in general.

## Distribution

This report has been distributed to:

B Malone, Chief Executive

J Valentine, Depute Chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development) and Chief Operating Officer

B Renton, Director (The Environment Service)

S MacKenzie, Head of Performance and Resources

H Hope, Finance & Support Services Manager

J Symon, Head of Finance

L Simpson, Head of Legal and Governance Services

G Taylor, Head of Democratic Services

Keith McNamara, Head of Strategic Commissioning and Organisational Development

P Dickson, Complaints & Governance Officer

External Audit

## Authorisation

The auditor for this assignment was J O'Connor. The supervising auditor was M Morrison.

This report is authorised for issue:

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J Clark

Chief Internal Auditor

Date: 27 March 2017

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Thimblerow Car Park	Medium
2	Gateway System	Medium
3	Training	Low
4	Body Worn Cameras	High

## Appendix 2: Action Plan

### Action Point 1 - Thimblelow Car Park

Thimblelow car park is operated via a manned pay on exit barrier system and income in the region of £270,000 was received in the last year. There is a lack of documentary evidence over free entry entitlement. The operating system on site is not configured to cope with permits, blue badges or free parking initiatives.

There are risks associated with any cash collection system. There is a risk of loss to the Council and there is a further risk to employees where allegations may be made regarding fraud and corruption.

### Management Action Plan

- 1) The Service has introduced a register which documents all free entry entitlement to the car park. This will also include a record of the vehicles left in the car park at the end of the working day and a reconciliation with the number of post-operating hours payments received.
- 2) The Service will introduce ad hoc spot checks.
- 3) The Service will give consideration to the installation of pay and display machines once the future of the car park is more certain.

Importance:	Medium
Responsible Officer:	H Hope, Finance & Support Services Manager
Lead Service:	The Environment Service
Date for Completion (Month / Year):	1) Completed 2) April 2017 3) April 2017
Required Evidence of Completion:	1) Extract from register 2) Evidence that ad hoc spot checks are taking place 3) Outcome from consideration

### Auditor's Comments

Satisfactory

## Action Point 2 - Gateway System

Parking Gateway is the back office computerised system which is linked to each Parking Attendant's handheld device used to process PCNs. There are no written procedures available for the management and control of access rights to the Gateway system.

There is scope to improve the access to the system in that all users with supervisor permissions can carry out any function i.e. cancelling PCNs, changing access rights, re-activating users, and creating new accounts.

## Management Action Plan

- 1) Written procedures will be prepared in respect of the management and control of access rights to the Gateway System.
- 2) Access to the system will be reviewed to limit access appropriately.

Importance:	Medium
Responsible Officer:	H Hope, Finance & Support Services Manager
Lead Service:	The Environment Service
Date for Completion (Month / Year):	April 2017
Required Evidence of Completion:	1) Procedures in respect of the management and control of access rights to the Gateway system 2) Review of system to limit access

## Auditor's Comments

Satisfactory



### Action Point 3 - Training

The Parking Services Reputation Management Plan states that appropriate training for staff will be provided. A matrix of completed training is in operation; however at the time of audit the matrix was not up to date.

### Management Action Plan

The training matrix will be updated to reflect the training that has been delivered.

Importance:	Low
Responsible Officer:	H Hope, Finance & Support Services Manager
Lead Service:	The Environment Service
Date for Completion (Month / Year):	April 2017
Required Evidence of Completion:	Updated training matrix

### Auditor's Comments

Satisfactory

## Action Point 4 - Body Worn Cameras

Parking attendants have used body worn cameras since 2008, and following changes in national guidance the service carried out a privacy impact assessment on the appropriate use of these cameras. This assessment recommends some changes to current practice, however it remains in draft. It is therefore important to finalise this Privacy Impact Assessment in order to ensure that the Council is complying with data protection legislation.

### Management Action Plan

The Privacy Impact Assessment will be finalised and the recommendations will be implemented.

Importance:	High
Responsible Officer:	H Hope, Finance & Support Services Manager
Lead Service:	The Environment Service
Date for Completion (Month / Year):	April 2017
Required Evidence of Completion:	1) Finalisation of privacy impact statement 2) Recommendations implemented

### Auditor's Comments

Satisfactory