



Final Internal Audit Report

North Herts District Council

Parking Enforcement 2013-14

November 2013

Issued to: Antonella Di Maria – Management Support Unit (MSU) Manager
Steve Crowley – Contracts & Projects Manager
Howard Crompton – Head of Revenues, Benefits & IT

Copied to: Norma Atlay – Strategic Director of Finance, Policy & Governance
John Robinson – Strategic Director of Customer Services
Vaughan Watson - Head of Leisure & Environmental Services
FAR Committee Members

Report Status: Final

Reference: N1700/13/002

Overall Assurance: Substantial

INDEX

<u>Section</u>	<u>Page</u>
1. Executive Summary	3
2. Assurance by Risk Area	4
Appendix A – Management Action Plan	6
Appendix B - Definitions of Assurance and Recommendation Priorities	8

1.EXECUTIVE SUMMARY

Introduction

- 1.1 Internal Audit provides the Council with an independent and objective opinion on the organisation's governance arrangements, encompassing internal control and risk management, by completing an annual risk-based audit plan.
- 1.2 This audit of 'Parking Enforcement' was not included within the 2013-14 NHDC audit plan that was agreed by the Finance, Audit and Risk Committee (FAR) in March 2013. It is an additional review which is being carried out in response to a request from FAR at their meeting on 13th June 2013, and resourced from the Authority's audit contingency budget. FAR Committee require assurance that discounts for prompt payments are being correctly applied in all cases.
- 1.3 The Council employs 11 Civil Enforcement Officers (CEOs) who carry out patrols and issue Parking Charge Notices (PCNs) in respect of vehicles parked in a manner that does not comply with the Council's various Traffic Regulation Orders and Controlled Parking Zones. CEOs are managed by the Parking Services Manager within Leisure & Environmental Services. Subsequent administration of PCNs, including appeals, cancellations and recovery of unpaid fines is handled by the Management Support Unit (MSU). The MSU provides an administration function to a variety of Council service areas and sits within the Finance, Policy & Governance Directorate.
- 1.4 The MSU is currently reviewing its policies and procedures and considering efficiency improvements. SIAS has been supplied with a copy of the unit's work programme, and where relevant to PCN Enforcement, has considered the proposed content as part of this audit.

Overall Audit Opinion

- 1.5 Based on the work performed during this audit, we can provide overall **Substantial Assurance** that there are effective controls in operation for those elements of the risk management processes covered by this review. These are detailed in the Assurance by Risk Area Table in section 2 below.
- 1.6 Our audit approach within this review looked at the controls governing the key stages of the processes relating to parking enforcement and whether they were being correctly complied with. In particular we reviewed the application of early payment discounts whereby the penalty charge is reduced by 50% if payment is made within 14 days of the issue of the PCN.

If a PCN is not paid within this timeframe, or is the subject of a challenge by the vehicle owner, the parking penalty enforcement process commences after 28 days as detailed below:

- Notice to Owner sent;
- Charge Certificate issued;
- Debt passed to external collection agency for further recovery action.

- 1.7 The results of our testing confirmed that there are satisfactory controls in place to process and monitor payments in respect of Parking Charge Notices (PCNs).

Recovery processes for unpaid PCNs were also found to be effective. Our testing also identified that discounts and charges are being applied in accordance with the Council’s policies and procedures.

1.8 For definitions of our assurance levels, please see Appendix B.

Summary of Recommendations

1.9 SIAS has made three recommendations in respect of documented PCN processing and parking enforcement reporting to improve the controls in place to help the service achieve its objectives. All recommendations have been classified as ‘merits attention’ priority.

1.10 Please see Management Action Plan at Appendix A for further detail.

Annual Governance Statement

1.11 This report provides good levels of assurance to support the Annual Governance Statement.

2. ASSURANCE BY RISK AREA

2.1 Our specific objectives in undertaking this work, as per the Terms of Reference, were to provide the Council with assurance on the adequacy and effectiveness of internal controls, processes and records in place to mitigate risks in the following areas:

Risk Area	None	Limited	Moderate	Substantial	Full
PCN Enforcement of Charges - policies, correspondence, discounts and over / underpayments.					
PCN Appeals and Cancellations - guidance, registration, review, decisions, authorisation, correspondence and management monitoring.					
PCN Debt Management and Write-Offs - escalation policy, correspondence, special arrangements and suppression, use of courts and bailiffs, recovery rates monitored, reported. Collection rates / costs analysed and write off authorisation.					
Overall					

2.2 See definitions for the above assurance levels at Appendix B.

Audit Commentary to Support Audit Opinions

PCN Enforcement of Charges

- 2.3 A substantial assurance level for this risk area reflects the fact that the MSU office procedures manual (dated November 2004) requires updating and should be stored in a shared network area. The Management Support Unit (MSU) Manager has advised that this work forms part of the team's 2013-14 work programme with an expected completion date of 31 July 2014. No recommendation has been made as a result.

PCN Appeals & Cancellations

- 2.4 Within the PCN recovery process there are several opportunities for the vehicle keeper to appeal. Audit testing of 10 sample cases reviewing the various recovery stages actioned, identified that the system pre-set periods and officer actions for PCN recovery were being satisfactorily completed.

PCN Debt Management and Write-Offs

- 2.5 A moderate assurance level for this risk area reflects the following:
The Head of Revenues, Benefits and IT receives a monthly schedule detailing suggested write-offs, and the related reasons; this schedule then requires his authorisation with write-offs in excess of £5000 requiring further approval from the Finance Portfolio Holder or Cabinet. Whilst PCN write-offs have not historically been approved in accordance with the Authority's Financial Regulations, in September 2013 MSU Management implemented a revised process whereby they are now included as part of the monthly process.

No.	Finding / Associated Risk	Priority	Recommendation	Management Response	Target Date
1.	<p>PCN enforcement of charges</p> <p>As detailed above at 2.3, the office procedures manual is being reviewed with an expected completion date 31 July 2014. No recommendation has been made as a result.</p> <p>However, there is no version control table or details of review since it was produced by an external contractor.</p> <p><u>Associated Risk</u> Staff do not apply the Council's policy and procedures. Inconsistency in application occurs due to the main reference being outdated.</p>	Merits Attention	<p>It is recommended that a version control table is inserted in the updated procedures. This should include when it was last reviewed and who by, a due date for next review and version numbers when updated. This should include a brief reason for the version update i.e. a regulation or policy amendment.</p>	<p>Responsible Officer: Management Support Unit (MSU) Manager</p>	31 July 2014
2.	<p>PCN debt management and write-offs</p> <p>The Department for Transport (DfT) guidance to local authorities on the civil enforcement of parking contraventions states: <i>Enforcement authorities should produce and publish an annual report about their enforcement activities within six months of the end of each financial year.</i></p>	Merits Attention	<p>Discussions should take place between those services that provide data for the annual report to identify a clear 'owner' with responsibility for producing the report.</p>	<p>Responsible Officer: Contracts & Projects Manager</p>	31 December 2013

No.	Finding / Associated Risk	Priority	Recommendation	Management Response	Target Date
	<p>The Council's last annual report on Parking Enforcement was produced in 2010/11. The report contains data originating from more than one service area however there is a lack of clarity around who has overall responsibility for collecting the data and populating / publishing the annual report.</p> <p><u>Associated Risk</u> The public may not understand and accept Civil Parking Enforcement.</p> <p>The Council cannot evaluate and identify where it needs to improve its Civil Parking Enforcement regime.</p>	Merits attention	The annual report on Parking Enforcement should be produced within six months of the end of each financial year in accordance with the DfT guidance and beginning with the 12/13 report.	<p>Responsible Officer: Report owner (dependent on outcomes of above discussion)</p>	TBC

Levels of assurance	
Full Assurance	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives. No weaknesses have been identified.
Substantial Assurance	Whilst there is a largely sound system of control, there are some minor weaknesses, which may put a limited number of the system objectives at risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some areas of weakness, which may put some of the system objectives at risk.
Limited Assurance	There are significant weaknesses in key control areas, which put the system objectives at risk.
No Assurance	Control is weak, leaving the system open to material error or abuse.

Priority of recommendations	
High	There is a fundamental weakness, which presents material risk to the objectives and requires urgent attention by management.
Medium	There is a significant weakness, whose impact or frequency presents a risk which needs to be addressed by management.
Merits Attention	There is no significant weakness, but the finding merits attention by management.