

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Land and Environmental Services and Financial Services – Income Management – Parking Vouchers

1. Introduction

1.1 As part of the agreed Internal Audit plan we have carried out a review of the parking voucher process. The Council sells parking vouchers to local businesses and residents based in certain restricted parking areas of the city, to allow their visitors to park their vehicles. Between July 2017 and June 2018, approximately £280k was received from the sale of visitor vouchers, and approximately £44k from the sale of parking vouchers. Land and Environmental Services (LES) are responsible for creating the traffic regulation orders for areas, and the Financial Services Customer and Business Services (CBS) Parking team is responsible for administering the voucher scheme, including ordering and selling vouchers, and stock control. City Parking's role in the process is the enforcement of traffic orders for on-street parking, and in some case cases, delivering vouchers to customers.

1.2 The Council sells two types of parking vouchers:

- Visitors Vouchers (W) which are sold to eligible residents at John St and cover a period of up to six hours. The sale of these vouchers was also informally extended by LES to hotels and guest houses for resale to their residents.
- Parking Vouchers (V) – these apply only in the Garnethill area and are sold to local businesses. The approved outlets then resell the vouchers on behalf of the Council. As there are no Pay and Display machines in Garnethill;

parking vouchers act as the equivalent of a Pay and Display ticket, i.e. short stay parking.

Vouchers are sold either over the phone and collected at High St or purchased over the counter at the John St cash office. In some cases, vouchers are delivered to customers by City Parking (CP) engineers. CBS Parking maintain a record of sales, and these are processed via the Cash Receipting System (CRS). John St cash office also maintains a record of vouchers provided by the CBS Parking team for re-sale, and reconciles this with the payments through CRS.

1.3 The scope of the audit was to ensure there are adequate arrangements in place for the management, administration and the security of the parking voucher process. The scope of the audit included:

- reviewing the roles and responsibilities of the various officers and teams involved in the parking vouchers process;
- ensuring there are adequate arrangements for the ordering, storage, sale, delivery and collection of parking vouchers; and
- reviewing the reconciliation process between vouchers issued and income received.

2. Audit Opinion

Item 2(d) 16th January 2019

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2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and five recommendations which management should address.

3. Main Findings

3.1 We are pleased to report that some key controls are in place and operating effectively. A spot check confirmed that voucher stock held at both the John St office and the High St office matched the stock records held by relevant teams. Adequate arrangements are in place for processing card payments. Furthermore, voucher stock was found to be held securely.

3.2 However, we found areas where improvements to the control environment are required. Reconciliations between vouchers sold and income received do not take place to ensure correct and full payment was received for all vouchers, or to detect missing vouchers promptly. Furthermore, the authorisation by the CBS Parking team manager to order voucher stock is recorded in a different system (Pulse) from that used by the Business Support Team (PECOS) to actually order the stock, and the two are not reconciled to ensure each purchase has a corresponding approval. The current arrangement allows a Business Support Team (BST) officer to order stock of vouchers with a value up to £5,000 without PECOS authorisation. In addition there is no segregation of duties

between the officer raising the order and receipting it to release payment.

3.3 We found that documented procedures have been developed by a member of the CBS Parking team for the administration of parking vouchers but we found that these require to be updated to reflect current working practices. Of a sample of 30 voucher sales, we found examples of inconsistencies against the procedures e.g. a failure to check or record the identification of the person collecting vouchers, incomplete receipts and pro-formas.

3.4 An action plan is provided at section four outlining our observations, risks and recommendations. We have made five recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	1
Medium	Less critically important controls absent, not being operated as designed or could be improved.	4
Low	Lower level controls absent, not being operated as designed or could be improved.	0

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- 3.7 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.8 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.9 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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4. Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Arrangements are in place for the ordering, sale, collection and delivery of vouchers, and these include appropriate segregation of duties and record keeping.				
1	<p>We were advised that voucher stock orders are approved by the CBS Parking team manager on Pulse. Purchase orders are then raised on PECOS by a member of the Business Support Team (BST). Orders raised by the BST are not subject to authorisation on PECOS if the order is less than £5,000. The BST officer's PECOS permissions also allow them to change the delivery address of the orders to an alternative Council site address within their organisational structure.</p> <p>Vouchers are sequentially numbered, meaning that missing batches which were ordered without a request from the CBS Parking team would be identified when the next authorised order was added to the stock, however as the team manager only place orders approximately every 6 months, it could take up to this period of time to detect unauthorised orders. We found that no reconciliations take place between:</p>	<p>FS management should implement a reconciliation process to ensure that all orders raised and paid for have been approved by the CBS Parking team manager and delivered to the team.</p>	<p>Medium</p>	<p>Response: Business Enquiry Request required to configure approval PECOS rule group and plan, to restrict voucher and permit paper orders to 2 team members. All orders will be routed to an independent manager to approve the request.</p> <p>Officer Responsible for Implementation: Head of Finance & Employee Service Centre</p> <p>Timescale for Implementation: 31 March 2019</p>

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	<ul style="list-style-type: none">• the Pulse approvals from the CBS Parking team manager and the orders raised in PECOS by the BST, or• the orders raised and the payments for vouchers from the relevant budget. <p>Nor is there a segregation of duties between the officer raising the order on PECOS and subsequently receipting the order for payment.</p> <p>Without an appropriate segregation of duties and failure to reconcile orders raised with approvals or payment, there is an increased risk that unauthorised orders could be raised and go unnoticed for a longer period of time.</p>			
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No.	Observation and Risk	Recommendation	Priority	Management Response
2	<p>We found that a record is maintained of the sequentially numbered vouchers held at the cash office, updated for purchases. However, there were no customer details recorded on the spreadsheet. Therefore, the John St cash office team currently do not monitor purchases to prevent customers from exceeding their maximum annual allowance.</p> <p>Additionally, LES have permitted a number of local business such as hotels or accommodation providers to purchase W vouchers for use by their customers, and the sale of these is not restricted to 40 vouchers per year.</p> <p>Without regular monitoring of residents' visitor voucher sales there is an increased risk that the restrictions on the number of vouchers are not enforced and the objectives of the controlled parking zones are undermined, potentially resulting in parking shortages for residents and a loss of pay and display income for the Council.</p>	<p>LES management should liaise with CBS management to consider the introduction of a monitoring process for voucher sales, to ensure that customers are not exceeding their annual allowance.</p> <p>LES should also consider whether the current practice of selling visitor vouchers to businesses impinges on the effectiveness of the controlled parking zones.</p>	Medium	<p>Response: LES Management will work with CBS to monitor the number of vouchers being sold.</p> <p>LES shall continue to monitor the effectiveness of the parking zones.</p> <p>FS CBS will provide necessary support to LES.</p> <p>Officer Responsible for Implementation: Head of Finance & Employee Service Centre</p> <p>LES Group Manager, Traffic and Road Safety.</p> <p>Timescale for Implementation: 1 April 2019</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
3	<p>Customer who purchase V vouchers for re-sale receive a 10% discount on the resale value of bulk orders of vouchers.</p> <p>Purchased vouchers are usually collected from the reception at High St. However, there are seven business customers who receive a delivery service. We found that vouchers are delivered by CP maintenance engineers and delivery is guaranteed within 48 hours.</p> <p>We were advised that a complaint from a customer led to this arrangement being put in place by the LES Parking Manager.</p> <p>In addition, it was established that neither engineers nor voucher recipients sign for receipt of vouchers, and engineers' names are not always recorded on the voucher spreadsheet.</p> <p>Furthermore, this practice means that engineers are taken away from their routine roles and responsibilities in order to deliver the vouchers within the agreed timescale. We noted the concerns of the CP manager that this specific task is not the best use of the engineers' time.</p> <p>Without a full audit trail confirming collection of vouchers by the engineers or</p>	<p>LES management should liaise with CP management to review the current arrangements in relation to the delivery service provided by CP maintenance engineers.</p> <p>Should this arrangement continue, FS CBS management should introduce a process where signed receipts or delivery notes are retained in order to confirm receipt of the vouchers.</p>	Medium	<p>Response: The Engineers currently deliver the vouchers, however this will be kept under review.</p> <p>LES management is considering a virtual permit scheme, which would remove the need for the paper voucher.</p> <p>All delivery notes should be submitted to CBS to be retained.</p> <p>City Parking has put in place procedures to have a signed e-mail when our engineers delivered vouchers and will get this scanned up to CBS.</p> <p>FS CBS will manage retention of signed emails.</p> <p>Officer Responsible for Implementation: Head of Finance & Employee Service Centre</p> <p>LES Group Manager, Traffic and Road Safety</p> <p>Timescale for Implementation: Receipting system to be in place –</p>

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	<p>the delivery to businesses, there is an increased risk that loss or theft could go undetected.</p>			<p>31 January 2019</p> <p>Virtual Vouchers - 18 months from project commencement, however LES cannot provide a definitive start date as this will be dependent on the roads returning to normal after the Sauchiehall Street fires.</p>
<p>Key Control: Reconciliations between vouchers issued and income received take place regularly and variances are logged, investigated and actioned accordingly.</p>				
<p>4</p>	<p>Through discussion we found that there is no reconciliation process between the parking vouchers sold and income received for the vouchers.</p> <p>This increases the risk that fraud or error could go undetected for a longer period of time, and the opportunity to identify and action variances is missed.</p>	<p>A reconciliation process must be introduced to ensure all income received from vouchers is accounted for and any variances identified are actioned.</p>	<p>High</p>	<p>Response: Reconciliation process will be introduced.</p> <p>Officer Responsible for Implementation: FS Governance Manager</p> <p>Timescale for Implementation: March 2019</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There are documented procedures, roles and responsibilities for the parking voucher process and these are available to relevant staff.				
5	<p>A documented procedure is in place for the administration of parking vouchers which outlines most of the relevant tasks and responsibilities of the CBS Parking team officers.</p> <p>However, there are related tasks that staff undertake that are not noted within the procedure document (such as use of the CRS to process card payments or the arrangement whereby vouchers are delivered to certain retailers).</p> <p>Additionally, it was noted that the procedure document was last updated in 2016 and was not approved by senior management prior to being issued to the relevant staff.</p> <p>We found a number of inconsistencies with procedures in our sample of voucher sales, which suggest that the procedures would benefit from a review and re-issue to staff.</p> <p>Without fully documented procedures detailing all tasks undertaken by staff, there is an increased risk that the appropriate processes are not followed and inconsistent practices may develop.</p>	<p>FS management should conduct a review of the documented procedure to ensure it covers all necessary tasks expected to be carried out by staff.</p> <p>Thereafter, the updated procedure should be communicated to all relevant staff with a reminder of the importance of adhering to the requirements within.</p>	Medium	<p>Response: Agreed</p> <p>Officer Responsible for Implementation: Customer Operations Manager</p> <p>Timescale for Implementation: 31 March 2019</p>