

Agenda Item No: 5

Report To: Audit Committee

Date of Meeting: 21st March 2023

Report Title: Cash Collection – Parking

Report Author: Mark Goodwin: Senior Auditor

Job Title:



Summary:

On 2nd February 2023 Mid Kent Internal Audit published the final report from a planned audit on Cash Collection - Parking.

The audit was issued with a dual assurance rating of Weak/Sound.

The Weak assessment reflected deficiencies found in some key areas which examined interim arrangements adopted by the Council to directly collect, process and bank parking cash following an unplanned event which arose when the Council's cash collection contractor ceased trading with no notice being given.

The audit assessed as Sound the arrangements relating to the monitoring of the current cash collection contract and steps to remove cash as a method of payment for parking.

The Safety & Wellbeing Service was the recipient of the audit and has agreed a series of remedial actions in response to the report's findings. It is noted that the interim arrangements also relied on support of Finance (Exchequer). In line with settled practice, this report brings the findings to Members' attention to allow an understanding of the issues raised and to support the management action.

Key Decision: NO

Significantly Affected Wards: N/A

Recommendations: **The Committee is recommended to: -**

Note the findings raised in Mid Kent Audit's report on Cash Collection – Parking.

Policy Overview: N/A

Financial Implications: While no significant misstatement was identified in relation to the Council's finances, we identified weaknesses with the interim measures relating to the collection, processing and banking of parking cash income.

Legal Implications: No specific implications

Equalities Impact Assessment:

N/A.

Data Protection Impact Assessment:

N/A.

Risk Assessment (Risk Appetite Statement):

N/A

Sustainability Implications:

N/A

Other Material Implications:

N/A

Exempt from Publication:

NO

Background Papers:

Final Report Cash Collection – Parking

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Cash Collection – Parking

Introduction and Background

1. Each year, working in conformance with Public Sector Internal Audit Standards, Mid Kent Audit draws up a risk-based audit plan for approval by Members. The audit on Car Parking Cash was identified through discussion with officers and included on the 2022/23 Audit Plan agreed by this Committee in March 2022. A specific request was made to include an audit of the interim cash collection, processing and banking arrangements in order to reflect and learn from what happened following an unusual disruption of service.
2. We began the fieldwork to the audit 31st October 2022 working to a brief agreed with the Service. We finished fieldwork on 24th November 2022. File review of the work and draft report was slightly later than planned due to staffing pressures within Mid Kent audit. We published a draft report to the service on 12th January 2023 and, following discussion with the service received a completed action plan to the audit allowing the final report to be published on 2nd February 2023.

Audit Engagement Findings

3. The audit comprised the following three areas: -
 - Interim cash collection, processing and banking arrangements
 - Contract monitoring of the current cash collection contract
 - Progress towards removal of coin payment from parking machines
4. The interim cash collection arrangements was an unplanned event which arose when the Council's cash collection contractor ceased trading with no notice. The audit found that the service had adopted a number of sound practical steps to manage operations during this temporary period. However, the audit also found deficiencies in key areas around infrequent banking of cash and an incomplete reconciliation of income during the period. In isolation these findings have resulted in a Weak assurance assessment.
5. We have recommended actions to strengthen any future scenario, where the Council finds itself without the services of a cash collection agency to manage the process. The actions recommended are to be captured in Business Continuity Plans to include any overlap of processes between service areas (i.e. parking and exchequer), to safeguard against any future reoccurrences of the situation.
6. We confirmed that current operations, following the appointment of a new cash collection contractor, are meeting the principle aim of ensuring car parking cash is being collected and monies promptly banked. We also confirmed that timely income reconciliation checks are being followed and income accurately posted to the general ledger. The audit however has identified the need to undertake additional contract monitoring in certain areas

including collection frequencies and payment checks. We confirmed that the service is actively reviewing cash activity from parking machines and taking proactive steps to remove equipment, in pursuit of the objective of reducing cash. Our findings of these areas resulted in a Sound assurance assessment.

7. The findings from our work increases the risk exposure to the Council but we have assessed this as not being to a level beyond its agreed risk appetite. The audit report sets out four findings set out at medium priority along with management response. The full report is attached as an appendix.
8. Following our standard practice in audit, we discussed and agreed remedial actions for each finding with the service. These actions fall due for completion by 31st March 2023. We will follow up progress in line with our usual approach and report to Management Team.
9. We in audit thank officers for their help throughout the audit and positive engagement with the findings raised.

Health and Wellbeing Service Response

10. I am grateful to the audit team for their work with Parking Services to identify some improvements which will ensure that, should this unfortunate event happen again, we are better prepared i.e. alternative banking arrangements quickly implemented. There is one recommendation that relates to the contract with the new cash collection company i.e. contract monitoring arrangements, and this has already been completed. I anticipate that by the time of the meeting all four recommendations will have been complied with. This audit has been a valuable retrospective examination of an unusual situation which has helped reduce risk moving forward.

Proposal

11. We recommend the Committee note the attached final audit report.

Implications and Risk Assessment

12. The audit report sets out the possible risks arising from the findings, but these are accompanied by remedial actions which have been agreed by the Service's management for implementation.

Next Steps in Process

13. Mid Kent Audit will continue to monitor progress and this will form part of interim and annual reporting to Members as part of overall summaries.