

 <p>Stevenage BOROUGH COUNCIL</p>	<p>The Stevenage & Uttlesford Audit Partnership</p> <p>Internal Audit Report – Stevenage Borough Council</p> <p>Car Park Revenue 2005-06</p>	 <p>UTTLESFORD DISTRICT COUNCIL <i>It's Our Community</i></p>
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To: Marc Whitfield
Scott Crudgington

For information: Nick Parry
Pauline Coletta
Keith Moore

1. Introduction

An audit of car park revenue has been carried out in response to a request from the Assistant Chief Executive (Finance) and as a result of reported variances between car park cash and receipts. Detailed tests have been carried out on the systems of control and the management of risk within this area.

2. Findings and recommendations

The detailed findings and recommendations are set out in the attached appendices. A management action plan has been sent to the Head of Service concerned for completion. Electronic versions can be mailed to you if you require a copy.

3. Conclusions

We have identified that improvements are needed to the control framework for car park revenue. Issues relating to the recording, receipting, reconciling and accounting for revenue were identified and will need to be addressed to ensure adequate internal control. Until such time the inherent risk of error, misadministration, or even fraud is above the expected level.

S H Martin
Audit Partnership Manager
23 May 2006

CAR PARK REVENUE

1.1 AREAS COVERED DURING THE AUDIT

Our unplanned audit covered the following:

- a) A review of the arrangements for collecting, recording, receipting, reconciling and accounting for car park revenue post equipment change.
- b) Trend analysis of car park revenue for the past three years.

Terms of reference were not issued in the usual way because the audit was requested by the Assistant Chief Executive (Finance). The initial emphasis of our audit was therefore to provide audit assurance to those charged with governance rather than local management. Nevertheless this report is jointly issued to local management who are now best placed to address the issues raised.

1.2 OVERALL AUDIT OPINION

Major changes to service provision took place during 2005/06. Although there are systems of control in place we have identified weaknesses in the arrangements for recording, receipting, reconciling and accounting for car park revenue. Whilst our own work resulted in some assurance, based upon our findings we are unable to provide absolute assurance in relation to the Council's car park revenue for 2005/06.

1.3 CASH COLLECTION ARRANGMENTS

Cash is collected from the Council's car park machines by an in-house team independent of the car park staff. There is consequently adequate separation of duties between machine access/maintenance and cash collection. We noted that during the period the new car park machines were being introduced, access keys were more available as a result of the need to respond to potential teething troubles. We were also advised that the keys issued to this Council were the same as those issued at a nearby Council. This was subsequently corrected by local management. We also noted that until newly installed machines were fully operational, cash was also collected by hand from some car park exit routes.

1.4 CASH RECEIPTING AND RECONCILIATION ARRANGEMENTS

Cash is removed from each car park machine by way of a sealed box. The machine automatically issues ticket receipts providing a breakdown of monies collected. Members of the Cashiers Security Team subsequently complete collection records that are supported by the ticket receipt(s). These records are forwarded to a member of the CCTV team who reconciles monies collected to receipts and records it on a spreadsheet. This work is however apparently not part of the substantive duties of the member of staff from the CCTV team. At the time of our audit we identified that the spreadsheet had not been completed for several months. Discrepancies between cash collected and receipts may not therefore have been considered on a timely basis. It is in any event understood that only individual machine variances in excess of £10 are highlighted and followed up. This provides an opportunity for cumulative variances of a material value to go unchallenged on a daily basis.

In the absence of an up to date spreadsheet we carried out our own work to reconcile cash collected with receipts. We identified:

- a) Variances occurred frequently and covered a wide range of values.
- b) Ticket receipts for coin and notes were sometimes missing.

- c) A small number of receipts had been amended by hand.
- d) Overall more money appeared to have been collected (and banked) than was receipted (it is unclear whether this fully compensates for the value of missing receipts).

In addition the machine supplier, at the request of management, agreed to temporarily install additional software to enhance management information and to specifically monitor variances. It is understood that variances occurred less frequently and the software has since been removed. It is unclear how it was identified less variances occurred when reconciliation's were not taking place.

In light of the above **we recommend that:**

- a) The reconciliation spreadsheet is brought up to date and completed on a timely basis in future.
- b) All variances are reported to local management for consideration.
- c) Duplicate ticket receipts are obtained when originals are missing.
- d) A review of the frequency and range of any variances is carried out in approximately six months time to provide reassurance that car park revenue is well controlled.

1.5 ACCOUNTING ARRANGEMENTS

A member of the Corporate Administration team receives copies of the collection records. These records are used as the basis for input to the cash income system and another spreadsheet. The IT Section processes values in the cash income system overnight to the general ledger. These values are then reconciled to the direct credit book maintained by Accountancy as confirmation that monies banked are received. However, at the time of our audit we identified that the direct credit book was incomplete and or contained apparent anomalies. It was not therefore possible to identify a timely and effective reconciliation between expected, actual and banked cash.

We therefore recommend that a timely and effective reconciliation be reintroduced. If Internal Audit can be of any assistance with agreeing such arrangements we are happy to do so.

1.6 TREND ANALYSIS OF CAR PARK REVENUE

It has already been widely reported that budgeted car park revenue has declined in response to a number of factors. Our own analysis confirmed material reductions in revenue at a number of car parks (Railway South, Aldi, the Forum and Marshgate), albeit partially offset by increases at others (Railway North, both multi storey and the Leisure Centre). We do not wish to make any recommendation in this area and note that management are reporting improvement as a result of introducing the new car park equipment.

Diane Hughes/Simon Martin
April 2006

Management Action Plan

Management Action Plan For: - Car parking

Appendix / Para	Recommendation	Significance * Low ** Med *** High	Agreed / Not agreed	Officer Responsible	Officer Comments	Implementation date
1.4	The reconciliation spreadsheet is brought up to date and completed on a timely basis in future.	***	Agreed	Keith Moore	Achieved June 2006 Access available on shared server now	June 2006
1.4	All variances are reported to local management for consideration.	**	Agreed	Keith Moore	See above . Patterns reported weekly	June 2006
1.4	Duplicate ticket receipts are obtained when originals are missing.	**	Agreed	Ian Wilson/Keith Moore	Receipts now audited missing receipts nil at present	June 2006
1.4	A review of the frequency and range of any variances is carried out in approximately six months time to provide reassurance that car park revenue is well controlled.	**	Agreed	Marc Whitfield/Keith Moore	Review carried out July	July 2006
1.5	A timely and effective reconciliation be reintroduced.	***	Agreed	Eilish Walker/ Keith Moore	Completed	June 2006

Signed _____ (Head Of Service) Date _____