



## **Internal Audit Report**

### **Cross Service**

# **Car Parking & Bus Lane Enforcement**

**Issued to:**

Andy MacDonald, Director of Customer Services

Rob Polkinghorne, Chief Operating Officer

Steven Whyte, Director of Resources

Jacqui McKenzie, Chief Officer - Customer Experience

Wayne Connell, Revenues & Benefits Manager - Customer Experience

Jonathan Belford, Chief Officer - Finance

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Mark Reilly, Chief Officer – Operations & Protective Services

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Mark Wilson, City Warden Officer - Early Intervention & Community Empowerment

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Reyna Stewart, Performance & Improvement Manager - Business Intelligence & Performance Management

External Audit

## **EXECUTIVE SUMMARY**

Local Authorities Parking and Bus Lane Enforcements are governed by legislation including the Road Traffic Act 1991, Road Traffic Regulations Act 1984, the Transport (Scotland) Act 2001 and the Bus Lane Contraventions (Charges, Adjudication and Enforcement) (Scotland) Regulations 2011. Within Aberdeen City, elements of these have been adjusted through the Road Traffic (Permitted Parking Area and Special Parking Area) (Aberdeen City Council) Designation Order 2003.

The Council operates designated chargeable parking areas and bus lanes, and issues charge notices to registered keepers where it has evidence that specified contraventions have taken place. Income from car parking and bus lane charges, collected from car parking machines, cashless parking transactions, vouchers and permits, and penalty charges was £8.35 million in 2019/20.

The objective of this audit was to ensure that procedures regarding income collection and the management of fines are adequate. Whilst there are comprehensive procedures in place, aspects of the Service are disaggregated across various Council functions. Whilst a Parking Performance Group meets quarterly to review all parking related activity, ensuring there remains clarity over roles in service delivery, the Service Level Agreement (SLA) in place pre-dates the Council's Transformation and would benefit from being updated. The City Warden Service has agreed to review and update the SLA.

The separate Appeals Team uses the parking system to manage appeals and indicate an appropriate response, however the system response can be overridden if the circumstances require it. There is currently no system enforced requirement for such decisions to be checked independently before they are issued, and instances were identified where although supporting information was available it was not recorded on the system. The Service anticipates a new system which is being implemented in 2020 will provide the functionality for a proportion of decisions to be checked in future. In the interim requirements have been reiterated to the team.

Cash collection records are not routinely reconciled and investigated where discrepancies arise. The Service has agreed to review procedures to ensure this is addressed. System records are also not reconciled against payments, debt recovery records, appeals and cancellations, reducing assurance that all charges raised are accounted for. The new system will provide enhanced reporting functionality, providing additional management data to facilitate reconciliations, and review by the Parking Performance Group.

Purchase Orders have not always been raised in line with the requirement set out in the Financial Regulations, and no exemption has been documented, in respect of cash collection and cashless parking services. The Service now raises these in advance.

Debts are being pursued where appropriate. However, when Sherriff Officers recommend the write off of a debt, for example where the customer is deceased or sequestrated, Penalty Charge Notices are being marked as cancelled on the Parking System instead of being written off. Notices cancelled in this way are not reported to Committee as written off debts as required by the Financial Regulations, reducing visibility of the extent of debt which is no longer being pursued. The Service has highlighted that legal advice had previously been obtained, and this will be reconfirmed to ensure this remains the correct approach.

# **1. INTRODUCTION**

- 1.1 Local Authorities Parking and Bus Lane Enforcements are governed by legislation including the Road Traffic Act 1991, Road Traffic Regulations Act 1984, the Transport (Scotland) Act 2001 and the Bus Lane Contraventions (Charges, Adjudication and Enforcement) (Scotland) Regulations 2011. Within Aberdeen City, elements of these have been adjusted through the Road Traffic (Permitted Parking Area and Special Parking Area) (Aberdeen City Council) Designation Order 2003.
- 1.2 The City Wardens team monitors the designated parking areas, maintaining machines where appropriate and issuing excess penalty charge notices and similar where vehicles drive within a bus lane or go through a bus gate.
- 1.3 Income from car parking and bus lane charges, collected from car parking machines, cashless parking transactions, vouchers and permits, and penalty charges was £8.35 million in 2019/20.
- 1.4 The objective of this audit was to ensure that procedures regarding income collection and the management of fines are adequate.
- 1.5 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Jacqui McKenzie, Chief Officer - Customer Experience; Jonathan Belford, Chief Officer – Finance; Derek McGowan, Chief Officer - Early Intervention & Community Empowerment; Mark Reilly, Chief Officer - Operations & Protective Services; and Martin Murchie, Chief Officer - Business Intelligence & Performance Management

## **2. FINDINGS AND RECOMMENDATIONS**

### **2.1 Process**

- 2.1.1 The Parking Machines are secure machines which are emptied regularly by the Council's cash collection contractor. When a cash box is removed from a machine, the contractor should collect an audit ticket from the machine which shows the ticket number, the date, the number of the car park meter, and the amount of income collected since the last uplift.
- 2.1.2 The Council's Business Intelligence and Performance & Management Service receives a spreadsheet from the contractor by email detailing the cash as per the audit ticket collected from the parking machines. Until October 2019, when all elements of the collection and banking process were taken over by a single contractor (following an appropriate procurement process), cash was then passed to a separate contractor, which took it to a central repository for counting and banking. The previous contract expired in 2016.
- 2.1.3 Records are provided by the contractor of the cash counted and any variations where appropriate from the audit ticket. This information is input by the Service into an Access Database, from which a report is run, and an E-return prepared to register the cash received in the financial system.
- 2.1.4 City Wardens may issue Penalty Charge Notices where a driver is found to have contravened the Road Traffic Act 1991 amended by The Road Traffic (Permitted Parking Area and Special Parking Area) (Aberdeen City Council) Designation Order 2003. For example where a vehicle does not display a valid parking ticket or have a valid cashless parking session, they have parked on yellow lines when waiting restrictions are in force, they do not display a valid blue badge or they are parked in a loading / unloading bay while not loading / unloading.
- 2.1.5 Offending vehicles' details are input into a Wardens handheld device which uploads to the Parking System. Checks, times, contravention details and other evidence (including photographs of the vehicle and area if appropriate) are added to the system, and the Warden prints a ticket, places it in a secure wallet, and affixes it to the windscreen of the offending vehicle or hands it to the driver. The Service was unable to provide a copy of the contract for the previous Parking System. A new contract is now in place and has been recorded on the Council's contracts register.
- 2.1.6 The Penalty Charge Notice (PCN) is £60 and this must be paid with 28 days, however the PCN is reduced by 50% if it is paid within 14 days. After 14 days the full amount of £60 will become due. If no payment or appeal is received within 28 days, details of the registered keeper are requested from the DVLA and a Notice to Owner is issued. If no payment or appeal is received with 28 days of the Notice to Owner being served, a Charge Certificate is issued and the amount due increases to £90. The scale of fees are aligned with national guidelines.
- 2.1.7 The penalties are the same for bus lane enforcement notices, which are issued where drivers drive in a bus lane or go through a bus gate contravening the Bus Lane Contraventions (Charges, Adjudication and Enforcement) Regulations 2011. Images of all vehicles which drive within a bus lane or through a bus gate are captured by fixed cameras positioned at locations across the City. The Office based Bus Lane Enforcement Team reviews these in batches to determine which vehicles should be issued with an Enforcement Notice. The batches are uploaded to the Parking System overnight. No Notice to Owner is issued for Bus Lane Enforcement Notices as details of the registered keeper are obtained from the DVLA prior to the Notice being issued. If no payment or

appeal is received after 28 days of the Notice being served, a Charge Certificate is issued and the amount due increases to £90

## 2.2 Written Procedures

- 2.2.1 Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance that correct and consistent instructions are available to staff, important in the event of an experienced employee being absent or leaving. They have increased importance where new systems or procedures are being introduced.
- 2.2.2 The City Wardens have operating procedures along with a training manual, and records of staff training. The procedures are generally clear and unambiguous.
- 2.2.3 The procedures for the Appeals Team are comprehensive, and provide clear instruction on how to manage, record and respond to Bus Lane & Parking appeals appropriately. The system has built in logic to make decisions and generate appropriate correspondence based on the information input by the member of staff in relation to contravention reason and the reasons the customer has given on their appeal
- 2.2.4 However, the team has the ability to override this – as each appeal is considered on its own merits. There is scope for discretion to be applied in granting appeals or accepting offers of reduced payment, but the limits of officers' authority to apply discretion is not set out in writing. There are procedural requirements to review such decisions with a line manager, and all actions are recorded on the system. The requirements for review are not enforced by the system, and except in the case of further appeals where an independent officer should review the case, there is no routine review of cases by a more senior or independent officer where the system decision has been amended. There is therefore a potential risk of inconsistent treatment.

### **Recommendation**

The Service should review appeals procedures to ensure it can encourage and demonstrate consistent application of the process.

### **Service Response / Action**

Agreed. A new system has been procured which includes a workflow system which can be set to automatically send a % of cases to be checked by a line manager and it is our intention to put this into place once it is available. Procedures will be reviewed to match the new system.

### **Implementation Date**

June 2021

### **Responsible Officer**

Revenues and Benefits  
Manager

### **Grading**

Significant within audited  
area

- 2.2.5 There is a Service Level Agreement (SLA) between the various teams involved in Parking and Bus Lane Enforcement. This pre-dates the Council's Transformation, and therefore roles, responsibilities and reporting lines may have changed. Updating the SLA would ensure the requirements remain clear.

### **Recommendation**

The Service should review and update the SLA between the different teams involved in providing and facilitating parking services.

### **Service Response / Action**

Agreed. The Parking Performance Group continues to meet quarterly to review all parking related activity, ensuring there remains clarity over roles in service delivery. The SLA will be reviewed and refreshed.

<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
March 2021	City Warden Officer	Important within audited area

2.2.6 Income collection and recording procedures contained limited detail on the process followed and the reasons behind what was being done. In the event of staff changes or a requirement to provide cover, it would be difficult to replicate and have assurance over the process.

2.2.7 There are no procedures on how to identify and address errors. Reliance is generally being placed on the contractor to declare cash received from each collection. Whilst data is recorded from which a reconciliation between Parking Machine records and cash collection records could be undertaken, and reports indicate that an overall reconciliation 'summary' is completed, there are no investigations into potential errors or omissions. Data quality is mixed, including regular omitted or transposed reference numbers, which makes reconciliation more difficult, but there is no evidence of this being challenged by the Service. Where there are variations between amounts declared by the machine audit tickets and the cash collection contractor, there is no evidence of challenge, and no procedure in place to escalate in the event of a defined threshold of materiality.

2.2.8 Service data indicates there were 330 missing audit tickets during 2018/19. Assumptions are made that missing data relates to machines which are broken or have failed to produce audit tickets, or that out of sequence cash boxes have been incorrectly recorded or will turn up at a later date. These assumptions are not regularly checked to ensure they remain appropriate – i.e. there are no checks against records of machines which were out of service on the dates of collection; missing audit tickets are not re-printed and checked at a later date; out of sequence boxes are not investigated. This affects the level of assurance that all income due to the Council has been accounted for.

**Recommendation**

The Service should ensure cash collection and recording procedures are clear and include reconciliation and investigation of discrepancies between machine and collection data.

**Service Response / Action**

Agreed. A process is in place, however feedback on its operation will be sought and the process reviewed to ensure any potential discrepancies are being highlighted and investigated / escalated as appropriate.

<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
March 2021	Accounting Manager	Significant within audited area

2.2.9 The cash collection contractor and the cashless parking service provider issue invoices for their services based on contractual agreements, including the number and / or value of collections / transactions each period. These are not subject to a recorded exemption from the requirement to issue a purchase order, and there are no checks carried out to confirm that the values charged are in line with the volume of service received. Reliance is being placed on the contractors to invoice appropriately. In the event of an error this may not be identified and corrected promptly.

**Recommendation**

The Service should ensure that purchase orders are raised and receipt of services is matched against expectations prior to payments being authorised.

**Service Response / Action**

Agreed. Orders are now being raised in advance for an estimated value and re-approved where adjustments are required. A process is in place to confirm receipt.

**Implementation Date**

Implemented

**Responsible Officer**

City Warden Officer

**Grading**

Significant within audited area

**2.3 Penalty Charges**

2.3.1 A sample of ten Parking and Bus Lane penalties issued was reviewed, and assurance obtained that appropriate evidence substantiated the correct penalty, notices, Parking System entries and that all payments had been pursued for payment where appropriate.

2.3.2 There are elements of duplication in the appeals process. The Appeals Team has a Retention and Destruction spreadsheet which records details of each appeal received and concluded. The majority of this data is already held in the Parking System, and minor errors and omissions have been highlighted to the Service (missing / transposed / incorrect dates). If all information could be held in one place it would reduce the risk of error, and improve efficiency and compliance with data protection requirements.

**Recommendation**

The Appeals Team should ensure data is captured efficiently and accurately.

**Service Response / Action**

Agreed. The appeals team considers that the spreadsheet is currently sufficient, and the requirement for accuracy has been reiterated to the team. A replacement system is being implemented which will include functionality to scan and hold documentation, allowing the spreadsheet record to be phased out.

**Implementation Date**

Implemented

**Responsible Officer**

Revenues Support Officer

**Grading**

Important within audited area

2.3.3 As noted at 2.2.4 above there is potential for discretion to be applied in certain circumstances. To protect the officers involved, decisions should therefore be supported by appropriate evidence. This was not always the case.

2.3.4 In one instance there was no supporting evidence on the Parking System of further enquiries prior to cancelling a penalty, where the owner advised that the vehicle identified as using a bus lane incorrectly was a taxi and that they had a renewal licence submitted but not yet received. The Service stated that they would have clarified with the Licencing Service via telephone that it had been submitted, but there is no record of this.

2.3.5 In another case a penalty charge notice for a parking breach was appealed on the basis that the customer had paid online for the parking, which was accepted by the Service. However, the online payment was made after the ticket had been issued – and the times had not been checked by the Service.

**Recommendation**

The Appeals Team should ensure there is clear evidence held on the Parking System supporting decisions made.

**Service Response / Action**

Agreed. The requirements have been reiterated to the team.

**Implementation Date**

Implemented

**Responsible Officer**

Revenues Support Officer

**Grading**

Significant within audited area

- 2.3.6 It was not possible to obtain reports from the system to obtain assurance that all penalties had either been paid, passed to debt recovery, been written off or cancelled.
- 2.3.7 The Appeals Team provided summary data from the Parking System for penalty charges between April 2019 and November 2019. This data indicated that during the period 23,391 Penalty Charge Notices had been issued; 16,359 notices totalling £537,234.80 had been paid; leaving 7,032 notices with fines outstanding totalling £416,477.19. (The reason these are not multiples of £30, £60 or £90 is that there are some part payments and Sheriff Officers fees may be added where debts have to be pursued). During the same period 5,309 appeals were received, and 941 Penalty Notices had been cancelled.
- 2.3.8 In this period the data shows 17,053 Bus Lane Charge Notices had been issued, and 13,065 notices had been paid totalling £427,412.43; which it states leaves 3,050 bus lane charges outstanding totalling £180,107.90. 3,270 appeals had been received, and 986 Notices had been cancelled.
- 2.3.9 Neither set of figures fully matches. The number of Penalty Charge Notices outstanding does not appear to have been reduced for those cancelled. The number of Bus Lane Charge Notices outstanding does not match the net of those issued less paid or cancelled. If the figures are incorrect there is less assurance that all debts are being addressed appropriately, in line with the Council's Financial Regulations (see further discussion below). The Service has stated that a new system is being implemented during 2020, and as part of implementation it is intended to review reporting to ensure the data is accurate.
- 2.3.10 There are currently no reconciliations to demonstrate that all penalties issued have been paid, appealed, pursued, written off or cancelled.

**Recommendation**

The Service should ensure that it has assurance that all penalties issued have been paid, held pending appeal, passed to debt recovery, written off or cancelled.

**Service Response / Action**

Agreed. The new system will have enhanced reporting functionality. Reports will be provided to the Parking Performance Group to provide assurance over progress and performance, providing an opportunity to escalate issues as appropriate.

**Implementation Date**

January 2021

**Responsible Officer**

City Warden Officer &  
Revenues Support Officer

**Grading**

Significant within audited area

- 2.3.11 Debts are being pursued where appropriate. However, when the Sherriff Officers recommend the write off of a debt, for example where the customer is deceased or sequestrated, the Appeals Team are cancelling the Penalty Charge Notices on the Parking System as an alternative to writing the debt off.
- 2.3.12 The Service has stated that this was determined to be the appropriate route after a Scottish Parking & Bus Lane Tribunal indicated a failure in notices issued as both the date of offence and date of issue were not noted. After which, on 22 April 2008, the Resources



Management Committee agreed that Penalty Charge Notice debts of £4.863 million at the time should be cancelled.

- 2.3.13 However, the Committee did not approve the same treatment of debts thereafter. As with appeals, cancellation indicates agreement that the circumstances which led to a charge being applied, and a Notice issued under the relevant legislation, are no longer evidenced. In the case of debts being written off, the circumstances have not changed – i.e. the Notice was valid, but the debt is no longer being pursued. This is a different decision, and should be recorded accordingly.
- 2.3.14 The Financial Regulations 2019 ‘5.3’ set out that the Chief Officer – Finance has authority to write off debts up to £25,000, and the Chief Officer – Customer Experience has authority to write off debts of up to £25,000 per debtor for Business Rates and sundry debts, and up to £10,000 per debtor for Council Tax, Housing Benefit Overpayments and Penalty Charge Notices. Such write-offs may only be approved in cases of insolvency, receivership, liquidation and sequestration; ceased trading / defunct company; unable to trace; recommendation of sheriff officer; or small balances that are uneconomic to pursue. This authority may be delegated, subject to reporting back at least 6 monthly on its use.
- 2.3.15 Where the named Chief Officers consider a debt to be uncollectable, they must prepare and retain a schedule of debtors showing name, address, amounts due, and reason for the debt. The Chief Officer – Customer Experience is required to submit annual joint reports with the Chief Officer – Early Intervention and Community Empowerment (who has similar powers in respect of their Service) to the City Growth and Resources Committee advising of the number, value and reasons for such accounts to be written off, and of any in excess of their delegated authority which require Committee approval to write-off.
- 2.3.16 Because it has treated written off debt as cancelled, the Service has not produced reports to Committee in respect of Penalty Charges written off in line with the Financial Regulations.

**Recommendation**

The Service should ensure all charges which are written off are recorded as written off rather than cancelled, and reported accordingly in line with the Financial Regulations.

**Service Response / Action**

Current practice is based on previous legal advice. It was considered that there was a risk of setting precedents in respect of penalty charges. The Service will review and reconfirm the position with Legal Services and Finance.

**Implementation Date**

January 2021

**Responsible Officer**

Revenues and Benefits  
Manager &  
Finance Partner

**Grading**

Significant within audited  
area

**AUDITORS:** D Hughes  
C Harvey  
J Galloway

## Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.