



Appendix 2b

South Lakeland District Council

Assurance Review of Cash Receipting – Car Parking

2019/20

Internal Audit

FINAL

July 2019

Executive Summary

OVERALL ASSURANCE ASSESSMENT



The diagram features a central green circle labeled 'SUBSTANTIAL ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right, a legend identifies four assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).

OVERALL CONCLUSION

The Council's arrangements relating to car park income are well managed and controlled, with adequate security in place regarding cash collection and storage.

- Bankings are made daily by an independent security firm, with sensible security measures being observed.
- Insurance cover is reasonable and appropriate for the values of cash involved.
- Payments by phone account for only 2% of total income from car parks, however, proper controls are in place surrounding its collection and recognition.
- Existing data checks would be enhanced by a reconciliation of source data, summarised from the Metric system, with the relevant general ledger income codes.

SCOPE

This review focused on cash receipts for car parking, taking in to account collection, storage, banking and the insurance arrangements. It also considered the controls in place around the increasing use of alternative payment methods, such as through mobile phones and other devices.

ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 0 | 0 | 2 |

Management Action Plan - Priority 1, 2 and 3 Recommendations

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|-------------------------------|-----------|---------|----------------|----------|---------------------|-------------------------------------|---------------------------------|
| No recommendations were made. | | | | | | | |

PRIORITY GRADINGS

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

Operational Effectiveness Matters

| Ref | Risk Area | Item | Management Comments |
|-----|-------------|--|---|
| 1 | Compliance | Consideration be given to periodically reconcile the cash taken from “pay and display” machines per the ‘Overs’ report, within agreed limits of materiality to the equivalent values recorded in the general ledger. This additional control will help ensure that the related data in the quarterly Corporate Financial Monitoring reports is valid, complete, accurate and timely. | <i>This proposal will be considered as part of the service redesign process being undertaken as part of the Customer Connect programme.</i> |
| 2 | Operational | Consideration be given to adding CCTV to the cash counting area within the Car Park Office at Westmorland Shopping Centre. | <i>Implemented.</i> |

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Detailed Findings

Introduction

1. This review was carried out in May 2019 as part of the planned internal audit work for 2019/20. Based on the work carried out an overall assessment of the overall adequacy of the arrangements to mitigate the key control risk areas is provided in the Executive Summary.

Background

2. Car parking income represents a significant proportion of the Council's annual income. This review forms part of the rolling three-year programme of key financial and governance audits.

Materiality

3. The Council's budget for 2019/20 includes £4.553M relating to car parking income, representing 36% of total service income. The Council generates income from 74 pay-and-display machines, 70 of which accept cash, across 41 locations in nine towns and villages.

Key Findings & Action Points

4. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed for their full impact before they are implemented.

Scope and Limitations of the Review

5. This review focused on cash receipts for car parking, taking in to account collection, storage, banking and the insurance arrangements. It also considered the controls in place around the increasing use of alternative payment methods, such as through mobile phones and other devices.
6. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.

Disclaimer

7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Risk Area Assurance Assessments

8. The definitions of the assurance assessments are:

| | |
|------------------------------|--|
| Substantial Assurance | There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved. |
| Reasonable Assurance | The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved. |
| Limited Assurance | The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved. |
| No Assurance | There is a fundamental breakdown or absence of core internal controls requiring immediate action. |

Audit Contacts

9. For any queries or to discuss the content of this report, please contact either of the following:

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|--------------------------------|--|
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Audit Report Distribution

10. We would like to thank staff for their co-operation and assistance during the course of our work.

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|-------------------------|--|
| For Action: | Jim Maguire, Operational Lead Customer and Locality Services |
| For Information: | Helen Smith, Finance Lead Specialist and Section 151 Officer |

Release of Report

11. The table below sets out the history of this report.

| | |
|--|----------------------------|
| Date draft report issued: | 14 th May 2019 |
| Date revised draft report issued: | 17 th May 2019 |
| Date management responses received: | 9 th July 2019 |
| Date final report issued: | 10 th July 2019 |