

Final Internal Audit Report

Parking Permits on the Highway

November 2024

Distribution: Head of Highways and Parking
Head of Finance (SCRER)
Director of Sustainable Communities
Corporate Director, SCRER
Executive Officer & Audit Liaison for SCRER
Director of Finance & Deputy S151 Officer
Corporate Director, Resources & S151 Officer (final only)

Assurance Level	Issues Identified	
Limited	Priority 1	0
	Priority 2	5
	Priority 3	1

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Forvis Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Introduction

- 1.1. Under the road Traffic Regulation Act 1984 and Road Traffic Act 1991, local authorities are responsible for setting on-street parking regulations and carrying out enforcement action.
- 1.2. Several areas in the Borough are Controlled Parking Zones (CPZs) where parking is restricted to certain times and may be require permits. Additionally, some parking conditions may apply even outside of CPZs.
- 1.3. In addition to Pay & Display parking for short-term parking, the Council issues permits for on-street resident parking and business parking. The Council also issues parking suspensions (for a skip to be placed in a parking bay) and dispensations (to allow for normal parking rules to be overridden for a specific purpose, such as construction, a funeral or special event).
- 1.4. Parking permit fees are set by statutory guidance, consultation, and benchmarking against peers. Permits fees are dependent on a multiplicity of factors, including, but not limited to: vehicle type, age of vehicle, and Euro 6 status. Moreover, fees are dependent on the vehicle use, for businesses, residents, blue badges, and charities for example.
- 1.5. Residents and businesses can apply and renew a permit through the Council's website which takes them to the Sidem Parking Permit Software, where automatic checks on the Council's systems are performed in determining the eligibility of applicants for resident/business parking permits. Permits are also paid through the Sidem interface. Once the Council is notified that the payment has been made and all documents and applications are confirmed to be correct, the permit will be issued. Where permit applications or renewals are performed manually the Council will also take payment manually through either cheque or postal order.
- 1.6. Parking dispensations are for parking on yellow lines and suspensions are to temporarily lift limits on the use of a parking bay. Suspensions and dispensations are to be applied for through emailing the Councils Parking Infrastructure who assess and process these.
- 1.7. Refunds may be issued for a number of reasons, as outlined in the 'Conditions of Use' on the Councils website. Refunds are processed in the same way the corresponding payment was tendered.
- 1.8. Income collection rates are monitored regularly and reported to SMT, DMT and relevant Committees/Cabinet.
- 1.9. Our review and testing were performed remotely. The audit was undertaken as part of the agreed Internal Audit Plan for 2023/24. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

Priority 2 Issues

The *Parking Policy*, accessible via the Council's website was applicable to the years of 2019 to 2022. **(Issue 1)**

The application process for resident and business parking permits was defined in the *Training Manual*, however at the time of the review, this was in draft and due to be published to staff in July 2024. The paper-based applications process, at the time of the review, was not outlined on the Council's website. **(Issue 2)**

Documented procedures for internal use within the team on the application process for suspension and dispensations were described in the *Training Manual* and Procedures, however, these documents were in draft form at the time of the review and due to be published in July 2024. There was no standard form for these types of applications. **(Issue 3)**

At the time of the review, there was no segregation of duty between assessing and issuing a permit when a manual check had to be performed. **(Issue 4)**

Sidem did not perform a sufficient Euro 6 check, thus an additional payment of £50 is not charged. This means that Parking Permits are issued when insufficient payment has been made and Sidem and Oracle therefore do not reconcile all the time. **(Issue 5)**

The Priority 3 finding is included under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 1: Legislative, Organisational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
	<hr/> <hr/>	<p>Expected Control</p> <p>Statutory guidance states that the Council must ensure that sufficient information has been made available to the public about parking policies <i>“that the public understand why enforcement and restrictions are in place. Motorists and other road users should be made aware that parking enforcement is about supporting wider transport objectives, in particular keeping traffic moving, rather than raising revenue.”</i> Details of parking schemes and restrictions should be clearly outlined on the Council’s website, and there should be regular communication when changes are made to parking policies.</p> <p>Finding/Issue</p> <p>It was confirmed that a <i>Parking Policy</i> was in place, which set out the priorities and objectives of the Council in relation to parking matters. The <i>Parking Policy</i> was publicly accessible via the Council's website; however, the version of the <i>Parking Policy</i> accessible via the website detailed that it covered the years 2019 to 2022, and was thus out of date.</p> <p>Risk</p> <p>Where an up to date parking policy is not in place and appropriately communicated with the public, there is a risk that the Council will not be able to demonstrate compliance with statutory guidance, that the public may be unaware of the Council’s</p>
Responsible Officer	Deadline	
Head of Parking Services	Complete	

		parking enforcement and restrictions, and that staff will not be properly aware of management expectations.
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Control Area 3: Application for Residents/Business Parking Permits

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2
		<p>Expected Control</p> <p>The procedures for processing applications for resident and business parking permits are clearly defined.</p> <p>Finding/Issue</p> <p>The Parking Permits, School Streets and PCN Manager advised that the application process for resident and business parking permits is mainly carried out via the <i>Sidem</i> Parking Permit Software, where automatic checks on the Council's systems are performed to determine the eligibility of applicants for resident parking permits.</p> <p>This process was outlined in the <i>Training Manual</i>; however, this document was still in draft at the time of audit and not due to be published to staff until July 2024.</p> <p>Risk</p> <p>Where procedural documents are not in place to define the application process, there is risk staff are unaware of what to do when dealing with manual applications, leading to errors or incorrect issuing of permits.</p>
Responsible Officer		Deadline
Head of Parking Services		5 December 2024

Control Area 4: Applications for Suspensions and Dispensations

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 3
	Our current System provider-	<p>Expected Control</p> <p>The application process for suspensions and dispensations is clearly defined for residents/businesses, and applications are processed in line with policies and procedures. Customers apply for suspensions and dispensations through a form, which also describes the necessary documents to be provided.</p> <p>Finding/Issue</p> <p>Examination of the Council's website confirmed that this provides information for residents, explaining that a parking dispensation is for parking on yellow lines and that a suspension is to temporarily lift limits on the use of a parking bay. It was noted that the application process for suspensions and dispensations was not outlined on the Council's website and that applicants were required to email the Council to arrange any suspensions and dispensations, rather than via an online application form as with resident/business parking permits.</p> <p>The Parking Infrastructure Officer reported that this process was documented in the <i>Training Manual</i>. However, at the time of the review (June 2024), the Parking Team did not have an up-to-date version of the <i>Training Manual</i>. The manual was in draft form and due to be published in July 2024. The Parking Infrastructure officer stated that the parking officers knew their roles and responsibilities and how to process applications. (It is noted that sample testing of permit applications did not identify any permits which had been issued inappropriately.)</p> <p>Risk</p> <p>Where Policies and Procedures are not in place, there is a risk that staff are unaware of their roles and responsibilities in processing and assessing applications for</p>
Responsible Officer	Deadline	
Head of Parking Services	Online application portal: Feedback to Internal audit 22 November 2024, following which an	

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	implementation date will be provided. Training Manual: 5 December 2024	suspensions/dispensations, resulting in a number of issues such as inconsistencies and non-compliance.
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Control Area 5: Issue of Permits (Including Permit Security)

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 4
2		<p>Expected Control</p> <p>Resident and business permit applications should be checked against the Council Tax/Business Rates registers to verify the applicant's identity and location.</p> <p>Where resident and business permits are checked and issued manually, there is a segregation of duties in place, in that the officer who approves the permit is not the same as that who did the checks.</p> <p>Finding/Issue</p> <p>The Parking team uses a system called <i>Sidem</i> to manage applications for parking permits.</p> <p>Discussion with the Parking Permits, School Streets and PCN Manager established that <i>Sidem</i> conducts two main checks for resident parking permit applications, which include checking car emissions standards against DVLA databases, and verifying the applicant's residency against Council Tax records. It is noted on the Council's website that to apply for a resident permit, the individual should be a permanent resident at an address within Croydon and on the electoral register or Council Tax record.</p> <p>However, the Parking Permits, School Streets and PCN Manager advised that <i>Sidem</i> is not effective at performing these checks for businesses. It was explained that for reasons the team are not aware of, <i>Sidem</i> is frequently not capable of correctly matching businesses to their record in the business rates (NNDR) register. Therefore, staff must perform this check for business permit applications manually.</p> <p>Where checks are carried out manually, the Head of Highways and Parking stated that there is no requirement for a second officer to approve the permit, i.e. the same officer</p>

		<p>can, and routinely does, carry out checks and approves the permit. There are no additional checks by a second officer or supervisor in these cases.</p> <p>Risk</p> <p>Where applications for resident and business parking permits are not verified against Council Tax and NNDR (Business Rates) records, there is a risk that permits will be granted inconsistently and inappropriately.</p> <p>Where there is no segregation of duties between the processing of checks for permit applications and issue of permits, there is a risk that the Council issues permits inappropriately or incorrectly.</p>
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Control Area 6: Income Collection, Monitoring and Reporting

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 5
	The capability of Euro 6 checks	<p>Expected Control</p> <p>Income Collection Rates are monitored on a regular basis and reconciliations are performed to ensure the Council receives full payment for parking permits.</p> <p>Vehicles not meeting Euro 6 standards are liable to an extra charge of £50 for a permit, and a permit should not be issued until this payment is made.</p> <p>Finding/Issue</p> <p>Discussion with the Parking Permits, School Streets and PCN Manager and Financial Accountant for Highways and Parking established that there have been issues with the interface between <i>Oracle</i> (the finance system) and the <i>Sidem</i> (the parking permits system), resulting in discrepancies in recorded income.</p> <p>This was identified by the Council via a reconciliation of income recorded in both systems for Q1 of FY2023/24, which noted a negative variance in Oracle of £11.6k out of a total £491k permit income. Discussion with the Interim Finance Manager highlighted that this issue has been raised with the software provider, and at the time of the review, the Council were awaiting a solution.</p> <p>Additionally, discussion highlighted that the Parking Permit Software does not correctly perform Euro 6 checks against DVLA databases. This has resulted in instances where a vehicle that does not meet Euro 6 standards was not identified, meaning the additional £50 charge required for non-Euro 6 vehicles was not applied.</p> <p>Where the system has failed to identify a non-Euro 6 vehicle, and this is subsequently identified by a manual check, a member of staff is required to call the applicant to request an additional £50 payment. In these instances, the Parking Permit Software</p>
Responsible Officer	Deadline	
Head of Parking Services	November 2024	

		<p>will then display an overpayment of £50 against the applicant and Oracle will show full payment being made (without the £50), leading to variances found via the reconciliation process.</p> <p>It was noted that, although this issue was raised with the third-party provider Conduent around 24 months prior to the audit, there had been no attempt to resolve the matter by the provider. During this time, it has been necessary for officers to carry out manual checks of Euro 6 status.</p> <p>Risk</p> <p>Where <i>Sidem</i> does not process permits incorrectly and non-Euro 6 vehicles are not identified, there is a risk of lost income and of income not being correctly recorded in Oracle.</p>
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4. Priority 3 Issues

Agreed action	Findings
<p><u>Control Area 1: Legislative, Organisational and Management Requirements</u></p> <p><u>Action proposed by management:</u></p> <p>Head of Parking Services will insist that a Training Log is set up and provided by Parking Permits, School Streets and PCN Managers.</p> <p><u>Responsible Officer:</u> Head of Parking Services</p> <p><u>Deadline:</u> 1 December 2024</p>	<p>Expected Control</p> <p>Completion of staff training should be logged in order for management to track completion rates and monitor out of date training.</p> <p>Issue/Finding</p> <p>The Parking Permits, School Streets and Penalty Charge Notice (PCN) Manager advised that an intensive training programme covering all workstreams, including that specific to the permit parking scheme, is delivered to staff joining the Highways and Parking Team, continual training is offered to staff on an ad hoc basis, particularly where there are changes in the Parking Permit Software (Sidem).</p> <p>However, it was noted that a training log was not maintained.</p> <p>Risk</p> <p>Where a training log is not maintained for the assessment of training needs and monitoring of completion rates, there is a risk that the Council are unaware of staff who have not completed essential training or where training is outdated.</p>

AUDIT TERMS OF REFERENCE

Parking Permits on the Highway

1. INTRODUCTION

- 1.1 Under the Road Traffic Regulation Act 1984 and Road Traffic Act 1991, local authorities are responsible for setting on-street parking regulations and carrying out enforcement action.
- 1.2 Several areas in the Borough are Controlled Parking Zones (CPZs) where parking is restricted to certain times and permits may be required. Additionally, some parking conditions may apply even outside of CPZs.
- 1.3 In addition to Pay & Display parking for short-term parking, the Council issues permits for on-street resident parking and business parking. The Council also issues parking Suspensions (for a skip to be placed in a parking bay) and Dispensations (to allow for normal parking rules to be overridden for a specific purpose, such as construction, a funeral or special event).
- 1.4 This audit is part of the agreed Internal Audit Plan for 2023/24.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit for each control / process being considered:
 - Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls, and
 - Report on these accordingly.

3. SCOPE





- 3.1 This audit, focused on Parking Permits, was undertaken as part of the 2023/24 Internal Audit Plan. The specific scope included the following areas and recommendations:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	-	1	1
Setting and Approval of Fees	-	-	-
Applications for Residents/Business Parking Permits	-	1	-
Application for Suspension and Dispensations	-	1	-
Issue of Permits (Including Permit Security)	-	1	-
Income Collection, Monitoring & Reporting	-	1	-
Returns and Refunds	-	-	-
Total	-	5	1

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	
Priority 3 (Low)	the value for money of the review area.

Statement of Responsibility

We take responsibility to London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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