

# *Kilkenny County Council*

Internal Audit Report [REDACTED] Check of pay parking machine collections.

Date: 23<sup>rd</sup> October 2018

## **Report Distribution**

Tim Butler, *Director of Corporate Services*

Martin Prendiville, *Head of Finance*

Simon Walton, *City Engineer*

Audit Committee Members

Local Government Auditor

## **Objectives**

The objective of the audit is to check a sample of cash collections from pay parking machines and provide reasonable assurance that adequate procedures and key controls are in place in relation to the collection of parking machines. Kilkenny have 71 paid parking machines. These do not include car parks operated by a barrier system.

## **Approach**

Internal Audit spoke with staff involved in the collection process. Internal Audit examined collections during a 4 week period in April 2018.

## **Scope & Limitations of scope**

Audit check is limited to sample of 4 weeks in April 2018. Parking machines located in barrier operated car parks are excluded from this review.

## **Audit Risk**

- Potential loss of income.
- Potential for fraud.
- Errors in recording of income.
- Insufficient backup documentation.

## **Co-operation of Management and staff**

Internal Audit received full co-operation from Council Management and staff throughout the course of this review and would like to thank them for their assistance.

*This report has been considered and approved by the Management Team of Kilkenny County Council.*

# Findings & Recommendations

<i><b>Finding</b></i>	<i><b>Implication</b></i>	<i><b>Recommendation</b></i>	<i><b>Management Action Plan</b></i>
<p>Internal Audit examined the collection of four weeks collection in April 2018.</p> <ul style="list-style-type: none"> <li>• A total of €63k was collected in the four week period.</li> <li>• Weekly reconciliations are carried out by the traffic section verifying that the amounts taken from each machine match the amounts lodged into our bank account.</li> <li>• KCC staff do not have access to cash in machines.</li> <li>• The parking machines are old and need to be updated. In the four week period checked, there were operational issues with six machines. This led to manual adjustments being carried out to reconcile the lodgements. This seems to be a weekly occurrence and increases the administration resources required. The problems range from power issues to the cash box being stuck in the machine.</li> <li>• There are excessive delays in the time taken by G4S to lodge the money taken from the machines. In week one, there was a 14 day gap between collection and lodgement. The gap was 7 days in the other three weeks checked.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential loss of income when machines are not operating.</li> <li>• Additional resources to manage maintenance and repairs on machines.</li> <li>• Weekly reconciliation complicated by machines being out of service.</li> <li>• Delays in lodgment weaken the council's cashflow position and can affect the weekly reconciliation.</li> </ul>	<ul style="list-style-type: none"> <li>• Management should review the benefits in updating the machines.</li> <li>• Arrangements should be made with G4S to ensure that lodgments are made in a timely manner.</li> <li>• Management should monitor collections and ensure machines are collected regularly so the amount collected does not exceed threshold of €800.</li> </ul>	<p>A full updating of all machines will cost approx in the region of €350,000. This is one of a number of immediate tasks for the permanent Grade V as soon as that appointment is made. Such appointment will serve to address many of the issues raised in this Audit Report and others.</p> <p>A Service company (Blue Wall) has an annual maintenance contract for the 71 P&amp;D Machines. The Traffic Section Maintenance personnel check on a daily basis the status of each machine and report any issues immediately to the service company. Each Warden also checks P&amp;D Machines in their area by way of a Token to ensure that the machines are in full operation; again any issues are reported immediately.</p> <p>We will review arrangements with G4S regarding delays in Lodgements and liaise with our Finance Dept on same.</p> <p>P&amp;D machines are monitored on a daily basis by the Traffic Warden Supervisor who advises G4S of any machines</p>

<i><b>Finding</b></i>	<i><b>Implication</b></i>	<i><b>Recommendation</b></i>	<i><b>Management Action Plan</b></i>
<ul style="list-style-type: none"> <li>Under the current arrangements with G4S, the machines should be emptied before they reach €800. In the four weeks checked, there were nine instances where the amount removed from the machines was in excess of €800. The largest withdrawal was €1,623.</li> </ul>	<ul style="list-style-type: none"> <li>Increased risk of theft if money not collected in a timely manner.</li> <li>Potential for loss of income if machine is full and cannot accept cash.</li> </ul>		<p>that are approaching the €800 threshold to ensure prompt collection. The P&amp;D Machines can each hold €1,800 but KCC set the €800 threshold to minimise risk of theft.</p> <p>Each Pay &amp; Display Location has 2 P&amp;D Machines in close proximity to ensure user has to pay for parking if one machine is full or out of order. This again minimises the loss of income risk</p> <p>G4S &amp; KCC have an agreed collection schedule for P&amp;D Machines based on usage; these collections are weekly, monthly &amp; Quarterly.</p> <p>G4S are requested to collect any P&amp;D machine which may be reaching or over the threshold of €800 regardless of whether it is due for collection per agreed schedule.</p>

## *Appendix A – Collection from parking machines April 2018*

Week	Start Date	Receipt Date	Lodged
14	29-03-18	05-04-18	€15,712.90
15	05-04-18	11-04-18	€14,489.56
16	11-04-18	18-04-18	€13,556.30
17	18-04-18	25-04-18	€19,320.80
Total			€63,079.56