Governance, Risk and Best Value

10.00am, Tuesday, 11 October 2022

Parking and Traffic Regulation (PL2002) – Service Area Response

Executive/routine
Wards
Council Commitments

1.   Recommendations

1.1   To note the service area response and actions taken to date to address risks raised in the Internal Audit report.

Paul Lawrence

Executive Director of Place

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Report

Parking and Traffic Regulation (PL2002) – Service Area Response

2. Executive Summary

2.1 A summary is provided below of progress made by the Parking and Traffic Regulation and Customer teams in relation to the internal audit into the key processes and controls supporting the enforcement of parking regulations, including ongoing supplier management arrangements for the NSL contract.

2.2 Only one Action remains outstanding (1.1), and this regards the annual contract review which can only begin at the end of the contract year after 31 September. The other eleven recommended Actions have already been implemented.

3. Background

3.1 The Internal Audit team audited parking and traffic regulation as part of their 21/22 audit plan. Testing was undertaken on a sample basis for the period 1 January to 31 December 2020 and a final report was shared with service areas on 21 April 2022. This report contained three overall findings (two high-rated and one medium-rated) in relation to the control environment in the scope of the audit.

4. Main report

4.1 The service areas accepted on receipt of the report that improvements could and would be made in the monitoring and recording of management information in the areas that were identified. Recommendations were welcomed and used to encourage continuous improvement and delivery of best value.

4.2 In the period between audit sampling and publishing of the report, improvements were proactively made to existing processes and this has been supplemented with additional checks and balances in order to aid transparency and avoid confusion.

4.3 The following additional context was provided as a management response upon publication of the audit report:

4.3.1 The supplier management arrangements for the NSL contract were reviewed and approved by the Contract and Grants Management team in January

2021. The CAGM team were satisfied that, due to the age of the contract, it need not follow the tier-1 contract management arrangements, however many of the best practice approaches they recommended have been adopted.

4.3.2 It is acknowledged that the measures for two of the original KPIs have remained as 'TBC' since the NSL contract commenced as a result of financial constraints. The contract documentation will be amended to reflect the formal removal of these two KPIs. However, all the current KPIs remain relevant to the value and importance of the services that are being provided and all are being monitored in line with their service priority. A recent contract review in 2019 led to the addition of a new KPI.

4.3.3 It is also acknowledged that improvements can be made to the record keeping for KPI monitoring, particularly in relation to the non-critical KPIs. However, recent verification checks have confirmed KPIs to have been accurately monitored and performance payments correctly awarded throughout the audit period.

4.3.4 The risks that have been identified within the audit report can be accepted and treated by the service and have no significant effect on the service's ability to achieve its objectives and perform effectively.

Progress with Management Actions

4.4 The audit report contained 12 recommended actions across three findings. Significant progress has been made with the implementation of these actions. This is detailed below.

Action	Summary	Status
1.1: Contract Refresh	Conduct annual review of the contract including KPIs.	In Progress - Annual review started following the end of contract year on 31 September.
1.2: Ongoing Supplier Management	Review supplier management arrangements against the Council CAGM Framework.	Actioned
1.3: Supplier Performance	Regularly monitor KPIs and retain evidence supporting achievement. Performance related pay decisions should be documented.	Actioned
2.1: User Access	Undertake system role mapping exercise and ensure that access privileges align with roles. Update process for	Actioned

	adding and removing users from system.	
2.2: Systems Assurance	Assurance on compliance of contractor with Council protocol to be gained and built into contract arrangements going forward.	Actioned
3.1: Ticket Progression	Review open tickets, continue to perform regular check on long-term hold tickets and explore internal recharging for outstanding unpaid penalties.	Actioned
3.2: Vehicles Driven Away	Reword the removal priority list to reflect actual practices where vehicles are driven away to avoid parking tickets.	Actioned
3.3: Employee Delegated Authorities	Gain assurance from NSL that authorisation levels around cancellation and write-off have been added to training materials.	Actioned
3.4: Parking Rulebook Review	Review Parking Rulebook annually.	Actioned
3.5: Debt Write Off	Update the Council's Corporate Debt Policy to ensure that it is aligned with the longstanding Parking Services procedures.	Actioned
3.6: Payments and Reconciliations	Ensure that arrangements are in place to deal with incoming mail and any cash that may be received.	Actioned
3.7 Quality Assurance	Introduce quality assurance controls to confirm the completeness and accuracy of key transactions.	Actioned

Additional Context

4.5   Had the contract year ended prior to September, it's possible all the Actions could have been completed by now. This is the main reason for this Action still being outstanding.

5.   Next Steps

5.1   Following the completion of Contract Year 8 on 31 September 2022, the annual contract review began.

5.2   This process has been revised to include recommendations from Internal Audit and adopt the Council's approach to best practice contract management.

5.3   Part of this process will include a review of:

   5.3.1   Contract costs;

   5.3.2   KPIs;

   5.3.3   Contractor training and qualifications;

   5.3.4   Joiners, Movers and Leavers;

   5.3.5   Cloud & Web Services Protocols;

   5.3.6   Website Accessibility Statements; and

   5.3.7   Any other relevant contract processes or procedures.

5.4   This Action is expected to be complete by the 16 December deadline.

6.   Financial impact

6.1   There are no known financial impacts as a result of this report.

7.   Background reading/external references

7.1   None.

8.   Appendices

8.1   Appendix 1 – Internal Audit report: Parking and Traffic Regulation.

Internal Audit Report

Parking and Traffic Regulation

21 April 2022

PL2002

Overall Assessment	Significant improvement required

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2021/22 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2021. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall opinion and summary of findings

Our review identified some significant and moderate control weaknesses in both the design and effectiveness of the control environment and supplier management arrangements established to support the parking enforcement process.

Consequently, only limited assurance can be provided that risks are being managed, and that the Council's objectives of consistently and effectively enforcing parking regulations through their established contract with NSL will be achieved. Two high and one medium rated findings have been raised.

We confirmed that existing supplier management arrangements are not fully aligned with the tier 1 contract management arrangements detailed in the Council's established contract and grants management framework. Our main concern is that the contract has not been recently reviewed and includes a number of key performance indicators (KPIs) that no longer reflect the changes in citizen behaviour and changes in services provided (for example, the move away from payment by coins in parking machines to online payment). Additionally, monthly contractual performance related payments have been consistently paid at the highest possible level (on average £40k per month in 2020) and are based on a number of KPIs, some of which cannot be monitored. Consequently, there is a risk that these performance related payments could be overstated.

We also noted that the parking enforcement changes implemented in response to Covid-19 whilst discussed and communicated with the supplier, were not recorded in a central log for documenting and monitoring purposes.

We also established that the cloud based Taranto parking administration system is not currently managed in line with the Council's Externally Hosted "Cloud & Web" Services Protocol, and that no assurance is provided by the supplier on the security; data protection; change management controls applied to the system; or the adequacy of system resilience arrangements.

Review of Taranto system access controls confirmed that the Council does not have a full understanding of who can access the system (including NSL employees); what activities their current user profiles enable them to perform in the system; whether these are aligned with operational roles and responsibilities; or whether there is appropriate segregation of duties.

The outcomes of sample testing also highlighted a number of operational areas where improvements are required to confirm the completeness and accuracy of the parking enforcement process and receipts.

Management response:

It is fully accepted that improvements can (and will) be made in the monitoring and recording of management information in the areas that have been identified within this audit report. We welcome the recommendations made and will use them to encourage continuous improvement and delivery of best value from the service. Several improvements have already been made to existing processes which have been supplemented with additional checks and balances in order to aid transparency and avoid confusion. Place and Customer teams have been working closely together to ensure that the many recommendations of this audit report are met.

However, there are a few points worth noting:

- The supplier management arrangements for this contract were reviewed and approved by the Contract and Grants Management team in January 2021. The CAGM team were satisfied that, due to the age of the contract, it need not follow the tier 1 contract management arrangements, however many of the best practice approaches they recommended have been adopted.

- It is acknowledged that the measures for two of the original KPIs have remained as 'TBC' since the contract commenced as a result of financial constraints and the contract documentation will be amended to reflect the formal removal of these two KPIs. However, all the current KPIs remain relevant to the value and importance of the services that are being provided and all are being monitored in line with their service priority. A recent contract review in 2019 led to the addition of a new KPI.

- It is also acknowledged that improvements can be made to the record keeping for KPI monitoring, particularly in relation to the non-critical KPIs. However, recent verification checks have confirmed KPIs to have been accurately monitored and performance payments correctly awarded throughout the audit period.

- The risks that have been identified within this report can be accepted and treated by the service and have no significant effect on the service's ability to achieve its objectives and perform effectively.

Audit Assessment

Audit Areas	Findings	Priority Rating
• Parking and Bus Lane Violations Enforcement • Covid-19 Impact • Data Analysis • Data systems management • Supplier Management	1. Supplier Management	High
	2. System Access and Assurance	High
	3. Transaction Processing	Medium

Areas of good practice
We noted that effective reconciliation procedures have been established to confirm the completeness and accuracy of both web and telephone payments.

Background and Scope

The Road Traffic Act 1991 grants Decriminalised Parking Enforcement (DPE) powers to the City of Edinburgh Council (the Council) to enforce parking policies within the Council's geographical area through Council employed parking attendants or outsourced third party arrangements, and retain the income generated.

Outsourced Parking Enforcement Arrangements

Parking enforcement generates circa £7.7M (191,479 parking tickets and 54,586 bus lane notices in 2019/20) of income per annum for the Council. In 2020/21 this reduced to circa £4M due to the suspension of parking charges between April and June 2020 in response to Covid-19, with 80,482 parking tickets and 26,932 bus lane notices issued between April and December 2020.

The service is delivered with support from NSL Limited (NSL) on a Tier 1 contract (a high value contract that presents high risk to the Council) that is valued at circa £6M per annum. The services provided by NSL include on-street parking and bus lane enforcement; car pound; pay and display and cashless parking; suspension and dispensation; lines and signs maintenance; permit management; and back office support which includes provision of the web based parking administration system; online services; and notice processing.

NSL is required to perform its duties in accordance with the Council's parking enforcement protocol that details parking enforcement procedures and acts as a single point of reference for Council and NSL employees, as well as members of the public.

The parking services contract with NSL also provides the Council with access to NSL's subcontracted integrated parking technology systems to support transaction processing. This includes document scanning; workflow management; notice processing; and electronic parking permits.

It is important to ensure that the NSL relationship is managed in line with the Council's established contract and grants management framework.

NSL contractual payment arrangements include Performance Related Payments as detailed in contract schedules D (Payment Mechanism) and E, which outlines 15 Key Performance Indicators (KPIs). As per the contract, the following basic rules are applied to Performance Related Payments:

- 80% KPIs must be met in each calendar month to maintain Performance Payment Level;

- 90% KPIs must be met in each calendar month for an increase in the Performance Payment Level; and

- 6 KPIs are considered essential for the service quality and should be achieved each month, failing which the Performance Payment Level must decrease.

Penalty Charge Notices (PCNs) and Bus Lane Notices

Where vehicles are parked in contravention of parking protocol, NSL parking attendants issue a Parking Charge Notice (PCN) and place it on the vehicle. Vehicle owners then have 28 days from the issue of a PCN to either pay the fine or make representations to the Council. An initial charge of £30 is applied for early settlement within 14 days, after which time the charge increases to a full £60. If no contact is made by the vehicle owner after 28 days, the Council performs a DVLA check on the vehicle and issues a Notice to Owner (NTO) to the registered keeper of the vehicle.

For bus lane violations, surveillance cameras capture the contravention including the vehicle's registration number, which allows the Council to perform a DVLA check and issue the NTO to the vehicle owner's registered address. Early payment within 14 days of issue of NTO again attracts the same 50% discount as PCN's.

If the Council has not received any payment or challenge after 28 days from date of the NTO issue date, a Charge Certificate (CC) is issued notifying the

registered keeper that the fine is increased to £90. The Council has the authority to instruct Sheriff Officers to recover the charge if no payment has been received 14 days after the issue of CC.

The cloud-based Taranto application automatically progresses tickets through the various stages of recovery until the time for referral to the Sheriff Officer, when a manual weekly referral is provided from tickets identified by the system. Where tickets are being appealed or reviewed, they are placed on hold to prevent progression through this process. 'Cases on hold' and 'Non-progression' reports are run periodically by Senior Transaction Officers to identify and review tickets that have not progressed as expected and identify any necessary action to ensure tickets do not remain on hold in perpetuity.

Payment for PCNs and bus lane notices can be made online via the Council website, by phone, by post, or in person at the City Chambers office.

Vehicle Clamping and Impounding

The Council has the power to clamp and impound vehicles that are parked in contravention of parking regulations and meet the criteria set out in the Vehicle Removal Priorities list. The list prioritises criteria for vehicle removal, including high and medium priority for persistent evaders and persistent offenders respectively. Other criteria include parked vehicles presenting a safety risk or obstructing traffic flow; vehicles parked in disabled bays without displaying a blue badge; and unauthorised vehicles parked in motorcycle or car club bays.

During 2019/20, the Council impounded 1,731 vehicles generating removal revenue of £250k and storage charges of £13k. As a result of changes to parking enforcement during the Covid-19 pandemic and subsequent national lockdown, only 240 vehicles were impounded from April to December 2021.

Impounded vehicle owners/keepers are required to pay a vehicle release fee of £150; a storage fee of £20 for each full day after the impound date that the vehicle is held; and the relevant PCN charge for the original contravention. When impounded vehicles are not claimed, two reminder letters are sent to the registered owner, one after 28 days, and then after an additional 28 days. Where pound employees confirm that the car tax on the vehicle has expired by 3 months, the vehicle is finally scrapped.

Challenge and appeals process

Vehicle owners/keepers can formally challenge a PCN or NTO online; by post; or in person at the City Chambers. System enforced ticket progression is manually placed on hold until the challenge has been assessed and either an acceptance or rejection letter issued.

The Council reviews the information and evidence provided to assess the validity of the challenge. Notices are cancelled for valid challenges, with an acceptance letter issued together with a refund of charges paid (where applicable). For unsuccessful challenges a rejection letter is issued confirming that outstanding payments remain due, before the ticket hold status is removed and progression reinstated.

Where challenges are rejected by the Council, the vehicle owner/keeper can appeal to the Scottish Parking Appeals Service, where an independent Parking Adjudicator makes the final decision. Formal appeals cannot be made once a Charge Certificate has been issued. The 'Parking Rulebook' spreadsheet documents the action to be taken by Officers when processing appeals and outlines the criteria to accept or reject generic or common cases.

Debt management

The Council transfers tickets that remain unpaid after 14 days following issue of a Charge Certificate to the Sheriff Officer. Any debt considered irrecoverable is written off in line with authority granted by the Council's Corporate Debt Policy.

Parking Enforcement Systems

The parking enforcement process is managed through a number of different systems, including:

- Taranto: administration of all issued tickets, NTOs, CCs and referrals to the Sheriff Officer, including audit trail of ticket progression and decisions made. Taranto is an externally hosted cloud and web based software solution provided by NSL and should comply with the Council's [Externally Hosted "Cloud & Web" Services Protocol for Procurement & Adoption](#);

- Parseq: scanning system used to scan hardcopy mail correspondence and process payments received by mail (e.g. cheque); and

- Cobalt: used to manage payments received via telephone and Council's website.

A robust interface between these different systems is important to ensure accurate and complete enforcement of parking enforcement policies and procedures.

Covid-19 impact on Parking Enforcement

All parking, clamping, and impound charges were suspended from the end of March 2020 to support essential workers operating during initial Covid-19 lockdown, with restrictions gradually lifted from June 2020.

Considering the impact of the reduction in parking enforcement activities, the Council entered into negotiations with NSL that resulted in 72% of NSL's workforce being placed on the UK Government furlough scheme between 1 May and 15 June 2020, with employees gradually phased back to work as the service was gradually reinstated to full capacity (1 August 2020).

No PCNs were issued between 23 March and 22 May 2020, with no vehicle removals from 16 March to 7 September 2020. On street enforcement was gradually increased as the restrictions on parking were eased. Key dates for changes to parking enforcement were:

- 01/05/2020 - PCNs, Warning Notices and Warning Flyers were only issued with the explicit written consent of the Council or the Police. No clamping or disposal of vehicles was performed, and vehicles were only removed or relocated only with the explicit written consent of the Council;

- 15/06/2020 - PCNs, Warning Notices and Warning Flyers were issued, with vehicles removed or relocated only within the written guidelines provided by the Council;

- 29/06/2020 – Issue of PCNs, Warning Notices and Warning Flyers were resumed as normal.

Further changes to enforcement procedures due to COVID-19 were experienced in the second 2021 lockdown, which was outside the scope of this review.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key processes and controls established to support enforcement of parking regulations, including ongoing NSL supplier management arrangements. Testing was undertaken on a sample basis for the period 1 January to 31 December 2020.

Risks

- Supplier, Contractor, and Partnership Management
- Health and Safety (including Public Safety
- Financial and Budget Management

Limitations of Scope

The review did not consider the controls supporting delivery of parking enforcement services provided to East Lothian, Midlothian and other local authorities. Additionally, collection and management of car park parking charges (from pay and display ticket machines) and income from parking permits was specifically excluded, as these areas were covered in the 2018/19 Payments and Charges audit.

Reporting Date

Our audit work concluded on 29 July 2021, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Supplier Management

Finding Rating	**High Priority**

1. Supplier Meetings and Record Keeping

Whilst monthly strategic supplier meetings with NSL were paused following the emergence of the Covid-19 pandemic, the frequency of weekly operational and ad-hoc meetings was increased in response to the changing environment.

As meeting minutes were not maintained, it was not possible to confirm whether appropriate actions were implemented by the supplier and monitored by the Council to address decisions taken during these meetings.

Monthly supplier meetings were reinstated from September 2020 with minutes recorded. Review of the minutes for meetings held between September to December 2020 highlighted:

a) Health and Safety was not included as standing agenda item, as stated in the Contract Specification Schedule A paragraph 2.5.8. Management advised that Health and Safety is discussed in relation to all decisions made.

b) While meeting actions are recorded, there is no follow up in subsequent meetings to determine progress with implementation and completion.

2. Covid-19 Guidance

Enforcement changes were not recorded in a central log for monitoring to ensure that they were aware of and would apply the parking enforcement changes implemented in response to Covid-19 issuing of PCNs.

As the details of these changes were not formally recorded, it has not been possible to confirm whether the 3,504 tickets issued in May and June 2020 were in line with these changes to Council policy.

3. Supplier Performance

Management has advised that some of the supplier Key Performance Indicators (KPIs) noted in the contract are no longer relevant or cannot be monitored.

We confirmed that monthly supplier performance related payments based on achieving contractual KPIs have remained at the highest level possible throughout contract (circa £40k per month), with the exception of one occasion.

Review of monthly supplier performance Key Performance Indicator (KPI) reports for February and November 2020 highlighted that out of 15 contractual KPIs:

a) 2 KPIs had targets of 'TBC'. These KPI's should have been set after 12 months of the commencement of contract but have not yet been established. One of these KPIs is also noted as an 'essential' performance indicator in the contract that must be achieved each calendar month, otherwise Performance Related Payments (PRP's) should be reduced;

b) 2 KPIs relate to Ticket Issuing Machine (TIM) availability and maintenance, with one of these also an 'essential' performance indicator to be achieved monthly for PRPs. Both KPIs had been assessed as achieved for PRP, however comparison with TIM repair reports for the same months indicated that these KPI's may not have been achieved as TIM repair reports are incomplete;

c) The KPI relating to customer helpdesk calls was classified as achieved, however discussions with management confirmed that management

information supporting this conclusion has not been available since February 2019; and

d) As a result of the above findings, the KPI relating to timely provision of management information may also not have been achieved, however the contract does not specify which MI this KPI specifically relates to.

Management has advised that although some of the existing KPI's cannot be monitored, they are confident that an adequate level of service has been provided, and performance expectations achieved.

4. **Contract Compliance**

The following additional areas were also identified where the Council is currently unable to confirm the supplier's contractual compliance:

a) Internal Audit requested a report of all tickets raised for a specified period together with their key progression dates. This report could not be provided at no additional cost in line with contractual requirements (Schedule A paragraph 3.8.8 states that 'the Service Provider shall write up to ten new bespoke system reports in each Contract Year at no additional cost to the Council').

b) The Council currently receives no assurance in relation to the following supplier employee training and qualifications that are detailed in the contract, but not covered by specific KPIs:

- the requirement for all public facing staff to complete certified customer care, conflict management, and tourist industry workers training; and

- the requirement for all managers/supervisors to hold or be working towards a recognised relevant management qualification relevant to their roles.

Risks

The potential risks associated with our findings are:

- **Supplier, Contractor, and Partnership Management** – contractual requirements and key performance indicators no longer reflect the services provided to the Council.

- Supplier, Contractor, and Partnership Management – the contract is not managed in line with the Council's established contracts and grants management framework.

- **Health and Safety (including Public Safety)** - risk of liability if Health and Safety decisions and responsibilities and decisions are not recorded and monitored.

- **Financial and Budget Management** – performance related pay is overstated and contract discounts for poor performance and/or best value may not be achieved.

Recommendations and Management Action Plan – Supplier Management

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	The NSL contract should be reviewed and refreshed to reflect the services required by the Council. This should include (but not be limited to): 1. Review and refresh of contractual arrangements supporting performance related pay; 2. Review and refresh of all key performance indicators (KPIs) supporting performance related pay; 3. Identification and inclusion of any new KPIs to support the services delivered (for example, health and safety; and employee training and qualifications).; 4. Details of the management information (MI) required to support effective ongoing performance monitoring; and 5. Ongoing review of KPIs at appropriate intervals (for example, every six months or annually) to ensure that changes to enforcement policy or operational processes are reflected and can be supported by relevant and timely MI.	1. As per Clause 15 of the contract, contractual arrangements supporting performance related pay will be reviewed on an annual basis as part of the annual contract review. 2. As per Clause 15 of the contract All KPIs will be reviewed on an annual basis as part of the annual contract review, this includes management information (MI), it will be determined at this stage if additional KPIs are required. 3. All KPIs will be formally reviewed on an annual basis as part of the annual contract review. KPIs are also reviewed dynamically whenever there is a change to contractual delivery, as was the case during the pandemic. These processes will continue, must be formally recorded, and must ensure that changes to enforcement policy or operational processes are reflected and can be supported by relevant and timely MI.	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader - Parking	16/12/2022
1.2	1. A review of existing supplier management arrangements should be completed in comparison to the Council's established contracts and grants management framework; and 2. Where gaps are identified, these should be	1. We will contact the CAGM Team to seek further assurance on supplier management. 2. The team's approach to minute taking and follow-up will be amended to take onboard the comments made and to better comply	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager	30/09/2022

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
	recorded, and actions implemented to ensure that they are addressed. These should include, but should not be limited to: a) Documenting all supplier meetings including decisions taken and actions arising, with supporting rationale provided when meetings are not held; b) Follow-up of all agreed actions at subsequent meetings to confirm that they have been completed effectively and within agreed timeframes; and c) All enforcement policy changes should be logged by the Council and compared with 'Change Log' maintained by NSL in line with contractual requirements (refer 51083) during supplier management meetings to confirm that all changes requested by the Council have been implemented.	with best practice across the Council. 3. This risk has been accepted. The 'Change Log', as detailed within the Council's initial contract specification, was discontinued shortly after the start of the contract. All formal enforcement policy changes are now communicated in writing to the supplier or managed via formal contract variation or change control procedures.		Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader - Parking	
1.3	1. Key Performance Indicators (KPIs) should be regularly monitored with evidence retained to support their achievement, or reasons provided where expected performance targets have not been achieved; and 2. Decisions to either increase, maintain, or decrease monthly performance related payments following review of KPI's should be documented together with supporting rationale, and monthly payments adjusted in line with contractual requirements.	1. Evidence will be provided that KPIs are regularly monitored, and recent extensive checks have verified that performance related payments have been correctly applied. 2. Specific reference to the contracted performance related payment level will now be included in all future monthly contract reports.	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader - Parking	30/09/2022

Finding 2 – System Access and Assurance

Finding Rating	High Priority

1. <u>User Access</u>

Review of the report of all active Taranto system users highlighted that:

a) Council leaver accounts are not removed from the system. Instead, user passwords are changed and their system 'roles' changed to restricted access. This is not considered a good practice and does not support regular review of active users to ensure that no toxic user profiles exist, and that user access levels remain appropriate;

b) NSL administer their own staff access to the system, and Council's management is currently not aware of, and receives no assurance on, the contractor's established user access management processes. Council management is also not clear on whether the roles or privileges assigned to contractor user accounts are appropriate;

c) 'Roles' within the parking system are not aligned with user's roles and responsibilities, and the privileges attached to each role are not known. Additionally, new user role profiles are currently replicated from other active users; and

d) All users, including leavers who have no roles attached to their accounts, appear to be assigned several 'default' privileges on the system, including 'Balance Write Off' and 'Toggle the super hold status of a ticket'.

2. <u>Systems Assurance</u>

The Taranto system meets the criteria of an externally hosted cloud (or shadow) IT solution as defined in the Externally Hosted "Cloud & Web" Services Protocol.

Discussions with management to ascertain the extent of compliance with the protocol confirmed that no assurance is currently received on the adequacy and effectiveness of technology security; data protection; and change management controls and resilience arrangements applied to the system.

Therefore, no independent assurance can be provided on the Taranto software system's technological resilience controls such as physical security of hosting sites; operations security; personnel security; penetration tests and ICT health checks; GDPR compliance; compliance with the Information Security and Records Management policies; business continuity and IT disaster recovery arrangements; or compliance with Scottish Governments or other relevant legislation and guidance.

Risks

- **Technology and Information** – inappropriate and potentially toxic user profiles are not identified and addressed and potential failure of cyber defences and application security.

- **Resilience** - Inadequate disaster recovery arrangements leading to loss of income.

- **Service Delivery** - increased risk of fraud or error.

- **Regulatory and Legislative Compliance** – potential non-compliance with relevant legislation, regulations, and guidance.

Recommendations and Management Action Plan – System Access and Assurance

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	1. An appropriate solution should be established to deactivate or remove leavers from the system. 2. A role mapping exercise should be undertaken to understand the roles set up on the system, and their associated privileges; 3. System roles should be cross referenced to, and aligned with, employee operational responsibilities for both the Council and contractor, and should permit adequate but restricted access (where appropriate) to ensure effective segregation of duties; 4. Confirmation of the system access associated with 'default' privileges identified in the 'User Privileges Report' should be obtained, and these should be removed or restricted where applicable; and 5. Once fully understood, new user profiles should be tested, allocated, and applied in practice. This should include implementation of refreshed procedures for the immediate removal of leavers; changes to user profiles for internal transfers; and allocation of appropriate profiles for new starts; 6. A review of all system users should be completed at appropriate intervals (for example, quarterly or six monthly). The outcomes of this review should be documented, with any anomalies identified investigated and addressed; and 7. Appropriate segregation of duties for user access management should be implemented between the	1. Unfortunately, it is not possible to remove user profiles from the system database. However, improvements have been made to the process for deactivating user accounts and additional checks have now been introduced. 2. Evidence that a role mapping exercise has been undertaken, including a check and verification of all user roles and privileges, will be provided. 3. All system roles and privileges will be aligned with employee operational responsibilities for both the Council and contractor. 4. There are no default privileges for any user profiles, however some erroneously assigned individual privileges have been identified which were not correctly removed when the associated user accounts were deactivated. There is no risk of these accounts being incorrectly used, however all such anomalies will be corrected. 5. All processes for adding and removing users from the system will be reviewed and updated. 6. Appropriate reviews of all system	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader - Parking	30/09/2022

	Council and the contractor. Where responsibility for administering user access lies with the contractor, compliance with agreed procedures should be regularly monitored, with user accounts reconciled to staff movements on a regular basis. Management should also consider including this as a contractual key performance indicator.	users have been introduced as part of the contract monitoring duties. 7. As the provider and administrator of the back-office system, the contractor is required to manage all user accounts in line with the requirements of the contract. It will be verified that all of the contractor's user accounts remain aligned with employee operational responsibilities. Appropriate reviews of all system users will be introduced as part of the overall contract monitoring however this is not considered appropriate for KPI.			
2.2	1. A review of Taranto (and any other cloud based software packages relevant to the Parking Enforcement contract) should be undertaken to assess the extent of compliance with the Council's Externally Hosted "Cloud & Web" Services Protocol; 2. This supplier should be requested to provide at least annual assurance on the areas detailed in the protocol, including the ongoing effectiveness of security; data protection; change management controls, and resilience arrangements. These arrangements should be included in contractual requirements and key performance indicators. 3. Where weaknesses are identified in the assurance provided, this should be discussed with the supplier, with actions implemented to address weaknesses, or the risks accepted where aligned with management's risk appetite.	1. Evidence of compliance with the protocol will be sought from the contractor. 2. An annual review of the Taranto system and a requirement to provide the associated contractor assurances have now been incorporated into the annual contract review process, however this is not considered appropriate for a KPI. 3. Should any weaknesses be identified then these would be discussed with the supplier and appropriate mitigation measures would be introduced where possible.	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader - Parking	16/12/2022

Finding 3 – Transaction Processing

1. **Ticket progression**

Review of 'Non-progression' reports run as at July 2021 for the period January 2020 – December 2020 to detect tickets where action is required identified 63 unresolved tickets on the non-progression report and a further 32 unresolved tickets on the cases on hold report.

Further review of these reports highlighted:

- that 31 out of 32 tickets 'on hold' had not been allocated an 'on hold' end date. Consequently, the tickets will remain on hold indefinitely without manual intervention;
- that 23 tickets issued to Council vehicles for both on street and bus lane contraventions between 3 January 2020 and 7 December 2020 remain open on the system;
- 4 instances where vehicles had been disposed by the Pound, with tickets still open on the system. Daily storage fees totalling £17,830 had accrued for these vehicles, however these fees are no longer recoverable;
- 9 tickets of an unknown nature, showing no balance outstanding and no progression through the system; and
- that 12 tickets referred to the Sheriff Officer were over-recovered due to customers continuing to pay instalments after relevant fines had been fully recovered as standing orders had not been cancelled.

2. **Vehicles Driven Away to Avoid Parking Tickets**

There are currently no established controls to identify occasions where vehicles have recorded three instances of 'vehicles driven away' (VDA's) within the last three calendar months and escalate these for removal to the pound as described in the Vehicle Removal Priorities list.

Management has advised that there are likely to be few vehicles (if any) that meet the criteria.

3. **Employee Delegated Authorities**

There are currently no established procedures or employee authorisation levels supporting appeals; decisions; and general transaction processing.

A total of 34 users who had processed cancellations during the year were identified, and it was not possible to confirm whether these users had the relevant authorisation to process these transactions.

4. **Parking Rulebook, appeals, and cancellations**

Review of the Parking Rulebook (used to make appeals and cancellation decisions) identified policies that are either outdated or no longer applicable.

Management confirmed that a review of the Parking Rulebook commenced prior to the Covid-19 lockdown and has not yet been completed.

Review of a sample of 35 tickets cancelled during 2020 highlighted that:

- 6 cancelled tickets had been assigned an incorrect cancellation code;
- 1 ticket was cancelled as it had not been progressed in line with applicable timeframes and was no longer considered enforceable. There was no evidence of manual intervention, and it was unclear whether the ticket was identified by review of the 'non-progression' report (refer finding 1); and
- 2 tickets were cancelled in error and subsequently reopened, when enforcement was no longer considered appropriate

5. Debt write-off

The Council's Corporate Debt Policy delegates authority to Parking Services Senior Transactions Officers and the Parking Services Manager to write off debt under a list of specific circumstances.

Additionally, the Parking and Traffic Regulations Manager; Planning Transport Specialist Service Manager; and Head of Place Development have authority to write off any unenforceable debt.

Review of a report showing all parking debt write offs during 2020 established that 27 separate users had written off parking debt during the period. Instances where NSL employees had written off debt were also identified.

Management has confirmed that this is due to lack of alignment between the Corporate Debt Policy and parking services procedures.

6. Payments and Reconciliations

Review of the processes established to support payment of parking tickets in person established that:

a) The Council's website states that for security reasons, cash should not be sent by post to settle parking tickets, however 2 instances of cash payments received via post payments were identified in November 2020. There are currently no policies or procedures in place detailing how to deal with cash receipts via post;

b) Management is not aware of the processes that should be applied to reconcile income received from the Pound to the Taranto system. Management confirmed that the Pound reconciles income daily to the Taranto system, however these reconciliations are not obtained or reviewed by the Council.

7. Quality assurance

Management has advised that whilst there are no established second level authorisation or other quality assurance controls to confirm the completeness and accuracy of transactions processed, checks would be performed for new employees or where specific issues were identified.

Additionally, whilst an annual report of parking write-off volumes and values is presented to the Council's Performance and Sustainability Committee, no management information is produced in relation to other transactions, notably the volume and value of cancellations.

Risks

The potential risks associated with our findings are:

- **Financial and Budget Management** - loss of income due to unenforceable or irrecoverable tickets; tickets on hold with no defined end date; and undetected persistent vehicles driven away.
- **Service Delivery** - increased risk of fraud and/or error; and inaccurate transaction processes based on out-of-date policies.
- **Reputational risk** – unpaid parking fines for Council owned vehicles in contravention of parking rules.
- **Service Delivery** - increased risk of error or fraud associated with receipt of cash via post.
- **Governance and Decision Making** - associated with limited quality assurance and production of transactional management information.

Recommendations and Management Action Plan – Transaction Processing

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
3.1	1. A review of all open tickets should be undertaken to determine their relevant non-progression/hold rationale and decisions taken to either progress the tickets or cancel them in line with policy; 2. The outcomes of this review and the rationale supporting decisions should be documented; 3. Following the full review, non-progression and cases on hold reports should be run fortnightly, with all tickets actioned within an appropriate timeframe. The outcomes of this review and rationale for any decisions should be documented; 4. The feasibility of including a mandatory completion 'end date' field on the Taranto system for tickets placed on hold should be considered. Alternatively, procedures should be updated and communicated to confirm that an end date for all on hold tickets should be recorded in the system; and 5. Procedures should be designed and implemented to ensure that all tickets issued to Council vehicles are reported, investigated, and settled in a timely manner by the relevant departments.	1. A review of all open tickets has been undertaken and all holds have been correctly applied in accordance with the status of the tickets. 2. The outcome of the above review will be documented and provided. 3. Parking Services will continue to perform regular checks on any tickets that are on long-term hold and appropriate record keeping has now been introduced to document these checks. 4. It is not feasible or desirable to introduce a mandatory end date field and the importance of using indefinite hold periods to allow for long term investigations to be conducted cannot be understated. 5. Work will continue with Fleet Services and Finance to identify responsible departments and seek to put in place an appropriate process that recharges departmental budgets for any outstanding penalties where it has not been possible to identify the driver.	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader - Parking	30/09/2022
3.2	1. Procedures should be designed and implemented to identify and monitor instances where vehicles are driven away to	1. The Removal Priority List will be reworded to reflect the correct practices that should be applied where vehicles are driven away	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management &	31/05/2022

	avoid parking tickets as outlined in the Parking Removal Priority list. Alternatively, the Parking Removal Priority list should be updated to reflect actual practices.	on more than three occasions to avoid parking tickets.		Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader – Parking	
3.3	1. Employee authorisation levels should be defined for all key parking transactions, with specific focus on cancellations; write-off's; appeals; and decisions. 2. Authorisation levels should be communicated to all employees and consistently applied.	1. All Parking Services staff are given the same system authorisation levels and are permitted to cancel and write-off parking tickets in line with service requirements and longstanding practices. 2. We will gain assurance from NSL that authorisation levels around cancellation and write-off have been added to their training materials.	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader - Parking	31/10/2022
3.4	1. A full review of the Parking Rulebook should be undertaken to ensure that policies and procedures for making appeals decisions and cancelling tickets are complete and accurate; and 2. The Parking Rulebook should be reviewed at least annually, with changes documented in	1. A review of the Parking Rulebook has recently been started to incorporate some recent changes to parking enforcement. This exercise will now be updated to incorporate a full review of the Parking Rulebook. 2. Although further reviews will continue to be undertaken as required in order to	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager	16/12/2022

	a change log and signed off by an appropriate Officer.	accommodate future service changes, an annual review of the Parking Rulebook will also be undertaken and documented by Parking Services.		Gavin Sherriff, Senior Transport Team Leader - Parking	
3.5	1. Communications should be issued to all employees reminding them that parking debt write offs should only be processed by appropriately authorised Officers of the Council, in line with the Council's Corporate Debt Policy. Alternatively, the Corporate Debt Policy should be updated to align with parking services procedures.	1. The Council's Corporate Debt Policy will be updated so it can be aligned with the longstanding Parking Services procedures.	Richard Carr, Interim Executive Director of Corporate Services	Nicola Harvey, Service Director, Customer and Digital Services Neil Jamieson, Head of Customer Services Cheryl Hynd, Customer Manager, Transactions	31/10/2022
3.6	1. Daily reconciliations performed by the Pound team should be obtained and reviewed and retained with reconciliations performed for other income streams; and 2. The Council's policy on cash should be confirmed and existing procedures either refreshed or new procedures implemented to ensure that employees know how to deal with any cash payments received by post.	1. Evidence of the daily reconciliations performed by the Car Pound team are already provided to both the operations team and the Council's Finance team on a daily basis. 2. Parking Services will ensure that only adequately trained employees are able to open incoming mail and that such staff are aware of how to deal with any cash that may be received.	Paul Lawrence, Executive Director of Place	Gavin Brown; Network Management & Enforcement Manager Gavin Graham, Parking and Traffic Regulation Manager Gavin Sherriff, Senior Transport Team Leader - Parking	30/09/2022

| 3.7 | 1. Adequate and relevant management information should be produced at appropriate intervals to monitor volumes and values of higher risk parking transactions (for example, cancellations; write offs; and refunds). The management information should be designed to detect errors and potentially fraudulent actions for further investigation, and highlight any thematic errors;

2. Ongoing quality assurance checks should be designed and implemented to confirm completeness and accuracy of transactions processed by staff; and

3. The outcomes of review of management information and quality assurance checks should be used to inform training needs and drive changes to operational processes (where applicable). | 1. Additional MI has now been requested on a monthly basis and will be incorporated into the monthly contract reporting and monitoring.

2. Whilst quality assurance checks have always been undertaken by Parking Services, these checks have not been formally recorded. These checks are now being formally recorded and further system reports will be identified to provide greater assurance and reduce the risk of errors or fraudulent activity.

3. The outcomes of any reviews of management information and quality assurance checks will be used to inform training needs and drive changes to operational processes (where applicable). | Richard Carr, Interim Executive Director of Corporate Services | Nicola Harvey, Service Director, Customer and Digital Services

Neil Jamieson, Head of Customer Services

Cheryl Hynd, Customer Manager, Transactions | 29/07/2022 |

Appendix 1 – Assurance Definitions

Overall Assurance Ratings	
Effective	The control environment and governance and risk management frameworks have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed, and the Council's objectives should be achieved.
Some improvement required	Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.
Significant improvement required	Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.
Inadequate	The design and / or operating effectiveness of the control environment and / or governance and risk management frameworks is inadequate, with a number of significant and systemic control weaknesses identified, resulting in substantial risk of operational failure and the strong likelihood that the Council's objectives will not be achieved.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.