

**REPORT FOR RESOLUTION**

**SUBJECT: DRAFT ANNUAL RETURN 2011/12**

**JOINT REPORT OF: THE LEAD OFFICER ON BEHALF OF THE ADVISORY BOARD**

---

**PURPOSE OF REPORT**

To present to the Committee the draft Annual Return for the year 2011/12.

**RECOMMENDATIONS**

The Joint Committee is asked to:

- [i] Note the outturn position against the 2011/12 budget as detailed in Appendix 1.
- [i] Approve the 2011/12 Annual Return (Appendix 2), note the Annual Internal Audit Report (Appendix 3) and Balance Sheet (Appendix 4)
- [iii] Note that the External Auditor's report and final Annual Accounts for 2011/12 will be submitted to the PATROL Adjudication Joint Committee in September.
- [iv] Approve the surplus of income over expenditure of £ 502,504 being added to the Joint Committee's reserves at 31 March 2011 of £1,115,411 which takes the reserves at 31 March 2012 to £1,863,717 and to note that the Reserves Level will be reviewed at the January 2013 meeting.
- [v] Approve the Code of Corporate Governance (see Appendix 5)
- [vii] Note the 2011/12 Internal Audit Reports previously presented to the Executive Sub Committee meetings (Appendix 6).

**CONTACT OFFICERS**

Louise Hutchinson, PATROL, Barlow House, Minshull Street, Manchester.  
Tel: 0161 242 5270

**1.0 INTRODUCTION**

- 1.1 The adjudication service is operated on a self-financing basis with income obtained from charges made to member authorities.
- 1.2 At the meeting of Executive Sub-Committee held on 25th January 2011 it was agreed to: adopt the Revenue Budget estimates for 2011/12 set out in Table 1.
- 1.3 At the meeting of the Executive Sub-Committee held on 25th January 2011 the Lead Officer was given authorisation in consultation with the Chair, Vice Chair and Assistant Chair to incur expenditure against the revenue budget in excess of the £3,016,798 set by the Committee should the need arise, provided such expenditure is within the total income for the year.
- 1.4 This report provides details of the draft 2011/12 Annual Accounts for approval by the Joint Committee.

**2.0 OUTTURN POSITION AT 31<sup>ST</sup> MARCH 2012**

- 2.1 The outturn position is shown at Appendix 1

**3.0 ANNUAL RETURN 2011/12 (Appendix 2)**

- 3.1 The accounting statement for 2011/12 has been prepared in accordance with the requirements of the Small Bodies Annual Return. The completion of the Small Bodies Annual Return removes the requirement for a full set of accounts however a Balance Sheet is provided for information at Appendix 4.

**4.0 INCOME AND EXPENDITURE DURING 2011/12**

- 4.1 During 2011/12 the service received income as follows:

All correct	£
Parking PCN Income	2,831,333
Non PCN Income	11
Internal Recharge to Bus Lanes	344,643
Parking PCN Adjustments (financial year) <sup>1</sup>	-13,083
Parking PCN Adjustments <sup>2</sup>	-6,911
Bank Interest	2,656
<b>Total</b>	<b>3,198,637</b>

## Note 1:

This adjustment ensures that the accounts present income for the financial year. This reflects a negative adjustment of -£13,083

## Note 2:

This adjustment is due to corrections highlighted on the year end audit certificate. This results in a negative adjustment of -£6,911

## 4.2 During 2011/12, income to the parking account exceeded budget as follows:

Item	Budget £	Actual £	Variance/ (Improvement) £
Parking Income	2,782,500	2,831,333	(48,833)
Parking PCN Adjustments Financial Year	0	-13,083	13,083
Parking DfT Adjustments	0	-6,911	6,911
Non PCN Income	0	11	(11)
Bus Lane Recharge	228,299	344,643	(116,344)
Interest	6,000	2,656	3,344
Reserves	0	0	0
<b>Total</b>	<b>3,016,799</b>	<b>3,198,637</b>	<b>(181,838)</b>

## 4.3 Income to the parking account can be summarised as follows:

- a) There has been a positive variance of £48,833
- b) The amount of -£13,083 is derived from adjustments to ensure that the accounts reflect income received in the correct financial year.
- c) A rebate of -£6,911 has been received in relation to adjustments arising from the year end audit certificate.
- d) The PATROL current account has attracted interest of £2,656.
- e) During 2011/12 the number of bus lane appeals increased from 1068 in 2010/11 to 2,640.

## 4.4 Expenditure during 2011/12 was budgeted as £3,016,798. Expenditure was £2,656,145 reflecting a positive variance of £360,653

Expenditure during 2011/12 can be summarised as follows:

a) Adjudicators

The overall budget for adjudicators was set as £962,565. Expenditure of £935,483 was incurred, giving a favourable variance of £27,082. Additional expenditure was incurred due to the increase in both parking and bus lane appeals reported under separate cover. This was mitigated by the postponement of part time adjudicator recruitment until 2012/13.

b) Employees

Employee costs are showing a positive variance of £55,607. This can be accounted for by the disestablishment of a post, some members of staff moving to part-time hours and an unfilled post.

c) Premises/Accommodation

There is a favourable variance of £66,567 for premises as a result of the delay to the planned office move.

d) Transport

There is a favourable variance of £5,920 arising from efficiency savings.

d) Supplies and Services

Supplies and Services expenditure shows a favourable variance of £113,363 and reflects a halving of postage expenditure, savings on the Tribunal User Group Conferences held early 2012 and deferment of a planned Policy Secondment Officer.

e) Information Technology

A positive variance of £66,155 reflects the containment of development expenditure ahead of the procurement of the new case management system.

f) Service Management and Support

A favourable variance of £20,435 reflects the reduction in services obtained from the Lead Authority by the Joint Committee in 2011/12, particularly in relation to accounting support however for the first year costs have been apportioned directly to the Bus Lane Adjudication Service Joint Committee.

g) Audit Fees

Under Section 3 of the Audit Commission Act 1998, the Audit Commission appoints external auditors to audit the accounts of all local government authorities. The definition of smaller relevant bodies for whom a limited assurance audit is permitted has been revised to include those whose gross income or expenditure is less than £6.5 million. Internal Audit Costs are approved by the Joint Committee each January for the following year and are included in Supplies and Services. During 2011/12 these charges were £4,550

h) Summary

Overall 2011/12 saw total expenditure of £2,656,145 which reflects a positive variance of £360,838 against budget.

## **5.0 RESERVES AT 31 MARCH 2012**

The reserves level at 31 March 2011 was £1,115,411. During 2011/12, £245,801 was committed to reserves and in addition a surplus of £ 502,504 has been achieved which takes the reserves at 31 March 2012 to £ 1,863,717. The reserves level will be reviewed at the January 2013 meeting to ensure that it is sufficient to support the move to a new location and provide sufficient assurance to the new host authority in terms of their potential liabilities. Any excess in the reserves level will be taken into account in January 2013 in setting the budget for 2013/14.

## **6. AUDITOR'S REPORT**

- 6.1 The Joint Committee is required to adopt the accounts before the auditor produces his report. There is a requirement for a public notice for the rights of electors to inspect the accounts after the Joint Committee has approved them.
- 6.2 After consultation with the new auditors, BDO, a programme in respect of accounts for the financial year 2011/12 has been agreed that meets these requirements and is set out below.

**2011/12 ACCOUNTS AND AUDIT PROGRAMME**

<b>Stage</b>	<b>2011/12</b>
Display Notice	11 <sup>th</sup> June to 24 <sup>th</sup> June 2012
Accounts submitted to PATROLAJC for approval	PATROLAJC meeting 26 <sup>th</sup> June 2012
Make records available	25 <sup>th</sup> June to 20 <sup>th</sup> July 2012
Submission of Annual Return and Supporting Documents to BDO	27 <sup>th</sup> July 2011
BDO Report presented to Joint Committee	25 <sup>th</sup> September 2012
Publication of audited accounts	By 30 <sup>th</sup> September 2012

**7. RECOMMENDATIONS**

The Joint Committee is asked to:

- [i] Note the outturn position against the 2011/12 budget as detailed in Appendix 1.
- [i] Approve the 2011/12 Annual Return (Appendix 2), note the Annual Internal Audit Report (Appendix 3) and Balance Sheet (Appendix 4)
- [iii] Note that the External Auditor's report and final Annual Accounts for 2011/12 will be submitted to the PATROL Adjudication Joint Committee in September.
- [iv] Approve the surplus of income over expenditure of £ 502,504 being added to the Joint Committee's reserves at 31 March 2011 of £1,115,411 which takes the reserves at 31 March 2012 to £1,863,717 and to note that the Reserves Level will be reviewed at the January 2013 meeting.
- [v] Approve the Code of Corporate Governance (see Appendix 5)
- [vii] Note the 2011/12 Internal Audit Reports previously presented to the Executive Sub Committee meetings (Appendix 6).

**APPENDIX 1 DRAFT OUTTURN POSITION AT 31 MARCH 2012**

<u>Analysis</u>	<u>Joint Committee June 2012</u>	<u>Budget 2011/12</u>	<u>Outturn 2011/12</u>	<u>Variance</u>
Expenditure:	Adjudicators	962,565	935,483	-27,082
	Employees	799,173	743,566	-55,607
	Premises / Accommodation	225,848	159,281	-66,567
	Transport	30,100	24,180	-5,920
	Supplies and Services	356,611	243,248	-113,363
	ICT	344,200	278,045	-66,155
	Services Management and Support	40,000	19,565	-20,435
	Audit Fees	12,500	6,975	-5,525
	Capital Finance Charges	0	0	0
	Contingency	245,801	245,801	0
Total Expenditure:		3,016,798	2,656,145	-360,653
Income:	Penalty Charge Notices	-2,782,500	-2,831,333	-48,833
	Other Non PCN Income	0	-11	-11
	Parking PCN Adjustment	0	13,083	13,083
	Parking PCN Audit Adjustment	0	6,911	6,911
	Adjudication case charge	0	0	0
	Contribution from Reserves	0	0	0
	Recharge for Bus Lane Adjudication Costs	-228,299	-344,643	-116,344
	Costs	0	0	0
	Bank Interest	-6,000	-2,656	3,344
Total Income:		-3,016,799	-3,158,649	-141,850
Net (Surplus)/Deficit		0	-502,505	-502,504



## Small Bodies in England Electronic annual return Year ended 31 March 2012

Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return summarising their activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the body.
- Section 3 is completed by the external auditor.
- Section 4 is completed by the body's internal audit provider.

The body must approve this annual return no later than 30 June 2012.

### **Completing your electronic annual return (eAR)**

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return. For further information on eAR go to [http://www.audit-commission.gov.uk/audit-regime/support\\_guidance/Pages/Annualreturn.aspx](http://www.audit-commission.gov.uk/audit-regime/support_guidance/Pages/Annualreturn.aspx)

Once downloaded you are able to complete certain sections of this e-annual return. You must then print the e-annual return to complete the remainder of the information required before approval by the body. The sections available for completion electronically are:

- the name of your body in sections 1, 2 and 4 on pages 2, 3 and 5
- boxes 1 to 10 in Section 1 on page 2; and
- the responses in boxes 1 to 8 in Section 2 on page 3.

You cannot save the e-annual return or send it electronically. You may only print it.

Complete all sections highlighted in red. Do not leave any red box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2012, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your appointed external auditor by the due date.

Your auditor will identify and ask for any documents needed for audit. Therefore, unless requested do not send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2012.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return may be found in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites ([www.nalc.gov.uk](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)) or from the members area of the Association of Drainage Authorities website ([www.ada.org.uk](http://www.ada.org.uk))



## Section 1 – Accounting statements for:

### PATROL Adjudication Joint Committee

	Year ending		Notes and guidance
	31 March 2011 £	31 March 2012 £	
1 Balances brought forward	723,468	1,115,411	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	0	0	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	2,757,666	3,158,649	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (box 2). Include any grants received here.
4 (-) Staff costs	1,486,529	1,576,267	Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	879,194	834,076	Total expenditure or payments as recorded in the cashbook less staff costs (box 4) and loan interest/capital repayments (box 5).
7 (=) Balances carried forward	1,115,411	1,863,717	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	902,665	1,117,013	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets and long term assets	0	0	The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments.
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2012 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:



Date

I confirm that these accounting statements were approved by the body on:

and recorded as minute reference:

Signed by Chair of meeting approving these accounting statements:

Date

## Section 2 – Annual governance statement

We acknowledge as the members of:

PATROL Adjudication Joint Committee

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2012, that:

	Agreed –		‘Yes’ means that the body.
	Yes	No	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	<input checked="" type="radio"/>	<input type="radio"/>	prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<input checked="" type="radio"/>	<input type="radio"/>	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances.	<input checked="" type="radio"/>	<input type="radio"/>	has only done things it has the legal power to do and conformed to codes of practice and standards in the way it has done so.
4 We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.	<input checked="" type="radio"/>	<input type="radio"/>	during the year gave all persons interested the opportunity to inspect and ask questions about the body’s accounts.
5 We assessed the risks facing the body and taken appropriate steps to manage those risks, including the introduction of internal controls and external insurance cover where required.	<input checked="" type="radio"/>	<input type="radio"/>	considered the financial and other risks it faces and dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the body’s accounting records and control systems.	<input checked="" type="radio"/>	<input type="radio"/>	arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7 We took appropriate action on all matters raised in reports from internal and external audit.	<input checked="" type="radio"/>	<input type="radio"/>	responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate included them in the accounting statements.	<input checked="" type="radio"/>	<input type="radio"/>	disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

dated

Signed by:

Chair

dated

Signed by:

Clerk

dated

\*Note: Please provide explanations to the external auditor on a separate sheet for each ‘No’ response. Describe how the body will address the weaknesses identified.

## Section 3 – External auditor's certificate and opinion

### Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2012 of

### Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2012; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

### External auditor's report

(Except for the matters reported below)\* on the basis of our review, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (\*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor's signature

External auditor's name  Date

**Note:** The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they carried out and completed all the work required of them by law. For further information please refer to the Audit Commission's publication *Statement of Responsibilities of Auditors and of Audited Small Bodies*.

## Section 4 – Annual internal audit report to

### PATROL ADJUDICATION JOINT COMMITTEE

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2012.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose from one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	✓		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	✓		
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored, and reserves were appropriate	✓		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.			✓
G Salaries to employees and allowances to members were paid in accordance with body approvals and PAYE and NI requirements were properly applied.	✓		
H Asset and investments registers were complete and accurate and properly maintained.	✓		
I Periodic and year-end bank account reconciliations were properly carried out.	✓		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.			✓

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

SEE ATTACHED AUDIT REPORT WHICH EXPLAINS THE AREAS 'NOT COVERED' AND AREAS FOR IMPROVEMENT

Name of person who carried out the internal audit: Tom Powell - HEAD OF AUDIT & RISK MGMT

Signature of person who carried out the internal audit: [Signature] Date: 14/06/2012

\*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

## Guidance notes on completing the 2012 annual return

- 1 Proper practices for preparing this annual return are found in the *Practitioners' Guides*\*. These publications are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter. If you are using the electronic annual return (e-AR) read carefully the guidance on page 1.
- 2 Make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the body, properly initialled and an explanation is provided to the auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it to the auditor.
- 4 Do not send the auditor any information not specifically asked for. Doing so is not helpful. However, you must advise the auditor of any change of Clerk, Responsible Financial Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers all your bank accounts. If your body holds any short-term investments, note their value on the bank reconciliation. The auditor should be able to agree your bank reconciliation to Box 8 on the accounting statements. You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guides*\*.
- 6 Explain fully significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The auditor wants to know that you understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guides*\* to assist you.
- 7 If the auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2011) equals the balance brought forward in the current year (Box 1 of 2012).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of their audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
	All red boxes have been completed?	
All sections	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	
	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	
Section 1	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2012 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All red boxes completed by internal audit and explanations provided?	

**\*Note: Governance and Accountability for Local Councils in England – A Practitioners' Guides, is available from NALC and SLCC representatives or Governance and Accountability for Internal Drainage Boards In England – A Practitioners' Guides, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.**

# Internal Audit Report

**PATROL - Annual Returns  
(Parking & Bus Lanes)**

**Tom Powell  
Corporate Services**

### **Circulation List**

<b>Business Owner:</b>
Louise Hutchinson, Head of Service (Patrol)
<b>Additional Report Distribution:</b>
Kelly Cornell, Finance Manager (Patrol)
Sir Howard Bernstein, Chief Executive
Richard Paver, City Treasurer
Susan Orrell, City Solicitor
Caroline Sheppard, Chief Adjudicator
Michelle Chard, Head of Democratic and Statutory Services
Louise Nyland, BDO Stoy Hayward

### **Audit Team**

<b>Name</b>	<b>Contact Details</b>
Peter Gallagher, Senior Auditor	814 5247
Helen Smith, Lead Auditor	814 5238
Kathryn Fyfe, Principal Audit Manager	814 5271
Tom Powell, Head of Internal Audit and Risk Management	814 5273

### **Report Status**

<b>Activity</b>	<b>Date</b>
Fieldwork Commenced	8 May 2011
Draft Report Issued	7 June 2012
Management Responses Requested by	14 June 2012
Management Responses Received	8 June 2012
Final Report Issued	14 June 2012

## **1 Introduction**

- 1.1 This report summarises the findings and conclusions from our review of the adequacy of internal controls and procedures in operation within the Parking and Traffic Regulations Outside London Adjudication Joint Committee (PATROL AJC) and Bus Lane AJC. The purpose of this work was to inform Section 4 of the Audit Commission Small Bodies in England Annual Returns for the year ended 31 March 2012.

## **2 Background**

- 2.1 The Traffic Penalty Tribunal is an independent tribunal where impartial lawyers consider appeals by motorists and vehicle owners whose vehicles have been issued with:
- Penalty Charge Notices (or have been removed or clamped) by councils in England and Wales enforcing parking under the Road Traffic Act 1991 and the Traffic Management Act 2004.
  - Penalty Charge Notices by councils in England undertaking civil bus lane enforcement under the Bus Lane Contraventions (Penalty Charges, Adjudication and Enforcement) (England) Regulations (2005 SI No 2757).
- 2.2 Under the above legislation and regulations, Councils operating civil parking and bus lane enforcement functions are responsible for defraying expenses in relation to the remunerations of the Adjudicators of the Traffic Penalty Tribunal. The Enforcement Authorities are required to carry out this function through a Joint Committee which they are required to set up for this and related purposes. The PATROL AJC and Bus Lane AJC perform this function. In accordance with legislation and regulations, the constituent authorities of each Committee defray expenses in such a proportion as they may decide.
- 2.3 Under established reporting requirements separate annual returns were to be submitted for to both Parking and Bus Lanes.

## **3 Scope and Approach**

- 3.1 We reviewed the adequacy and effectiveness of the financial controls, risk management arrangements and management information in respect of 9 of the 10 internal control objectives detailed within Section 4 of the Audit Commission Annual Return document for 2011/12.
- 3.2 Our work did not include a review of the accounting statements and related records supporting the final accounts under control objective J. We did not consider this to be a key risk or indeed a function that should be discharged through Internal Audit. An opinion on the year end accounts is provided by the appointed auditor to PATROL AJC and we consider that any detailed testing of the accounts to support this opinion remains their responsibility.
- 3.3 Whilst there is a separate Joint Committee for the Bus Lane Adjudication Service it does share a number of systems and processes with PATROL. As a consequence we considered Internal Audit work relating to PATROL could be used as a reasonable source of assurance. This work was designed to address the control objectives within the Annual Return and therefore provides some assurance in respect of the overall operation of financial and business systems.



3.4 Where independent systems and processes were in operation for Bus Lanes a review of relevant documents together with sample testing of transactions was completed.

#### **4 Findings**

4.1 We identified some positive areas of good practice in relation to the control and assurance mechanisms, including :

- All payments reviewed were clearly supported by invoices and retained in well structured files for easy identification.
- A list of strategic partners where normal procurement procedures have been waived has been approved by PATROL AJC. A programme for periodic market testing was underway in order to demonstrate that value for money was being obtained.
- Based on a sample of constituent authorities we confirmed that income was calculated, invoiced and received correctly.
- Detailed working papers were maintained to enable the monitoring and projection of income.
- The use of payment cards has meant that PATROL does not use petty cash removing the need for additional controls over cash handling. Accordingly our work did not include a review of petty cash and related records under control objective F.
- The joint risk register was regularly monitored, updated, and reported to the PATROL and Bus Lanes' AJCs.
- The joint IT Inventory contained comprehensive notes including any known faults, previous problems and previous users of IT equipment. The Inventory also contained clear details of disposals.

4.2 In addition to these findings we identified a number of areas where practices could be strengthened, either through improving existing or implementing revised arrangements, as follows:

- The Guide to Staff Expenses should be reviewed and updated, to provide greater clarity.
- Record management in respect of expense claims and receipts for staff and where applicable for third parties.
- Improved compliance with approved procurement practices, particularly in respect of ordering.
- Guidance on appropriate waivers in respect of the approved competitive procurement processes.
- Better identification of the location of IT assets on the asset Register.
- Timely bank reconciliations.

## **5 Conclusions**


- 5.1 In our opinion both the PATROL and Bus Lane Adjudication Joint Committees have achieved a satisfactory standard with regard to all eight control objectives examined. Whilst we identified a number of other areas where internal controls were assessed as requiring further development and improvement these were not considered sufficient to prevent the achievement of a satisfactory standard of control overall.
- 5.2 The forthcoming change of host authority creates a number of challenges. In order to minimise the risks associated with this move it is important that the service develops a robust transfer plan which includes both physical and service delivery aspects, as well as support arrangements to ensure business continuity during and following the transfer to the new host authority. The move also creates an opportunity to revisit and where appropriate improve the control environment in respect of the IT Inventory, as detailed in recommendation 5 below.
- 5.3 A detailed action plan of recommendations to improve the system of internal control is attached at Appendix 1.

# Appendix 1. Detailed Findings Recommendations and Action Plan

Matters Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
<p><b>Section A: Appropriate accounting records have been properly kept throughout the year.</b></p> <p>1 Based on our sample of staff expense claims we were unable to locate one of the claims and associated receipts which had been paid. It was clear from the file that other claims by the same person had been made, been appropriately supported by receipts and approved.</p> <p>In our sample of purchases during the year one of the transactions tested related to consultancy fees and included an element of expenses. We were unable to locate receipts in support of this part of the Invoice. It was clear from the file that other similar claims had been supported by receipts.</p> <p>The value of the missing claims and receipts was not material compared to the total level of expenditure.</p>	<p>The absence of prime financial records and supporting documentation increases the risk of inappropriate use of funds, budget overspend, misappropriation or error.</p>	<p>From our specific testing and review of files, it is clear that the transactions involved are isolated incidents and have been included here for completeness. We have made the Head of Service aware of these and it is our opinion that she should assure herself the incidents are legitimate expenses. We do not intend to follow this up.</p>	<p>● Moderate (Compliance)</p>	<p>Formal management response is not required as we do not anticipate the subsequent action is necessary.</p>

Matters Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
<b>Section B: The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.</b>				
2	<p>The guidance currently in place in respect of Staff Expenses was not sufficiently robust. Areas of omission included:</p> <ul style="list-style-type: none"> <li>• Inappropriate Expenses.</li> <li>• Rejection of Claims.</li> <li>• VAT.</li> <li>• Time limits on making claim.</li> <li>• Consequences of fraudulent claims.</li> </ul>	<p>Without suitable Staff Expenses guidance there is an increased likelihood that expense claims will be made, approved, and processed which are not appropriate. This increases the risk of inappropriate use of funds, misappropriation or error, and failure to obtain value for money.</p> <p>Where expense claims are not solely for PATROL use there is an increased risk of breaching tax regulations which could have adverse legal, financial and reputational implications for PATROL.</p>	<p>The Head of Service, in conjunction with the Finance Manager, should review the Staff Expense Guidelines to ensure they clearly set out the purpose of expenses, the key principles of what is and is not acceptable, and guidance in relation to making and processing claims.</p> <p>A basic format that could be used to support the development of the Guidance is attached in Appendix 3 setting out the key principles we expect should be considered.</p> <p>Once completed the revised guidelines should be presented to the PATROL and Bus Lanes AJCs Advisory Boards' for approval and then clearly communicated to all staff.</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> Review the Staff Expense Guidelines and revise where appropriate. Present for approval to the Advisory Board in September 2012.</p> <p><b>Additional Resources Required for implementation:</b> N/A</p> <p><b>Responsible Officer:</b> Head of Service</p> <p><b>Target Date:</b> 30 September 2012</p>

Matters Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
<p>3</p> <p>From our review of purchases and supporting documentation we noted:</p> <ul style="list-style-type: none"> <li>• 3/20 purchase orders were raised after the invoice date;</li> <li>• 3/20 invoices were for more than the approved purchase order; and</li> <li>• 2/20 purchases did not have confirmation that the goods or services had been received.</li> </ul>	<p>Without consistent compliance with established procurement arrangements expenditure may be incurred without authorisation, budgetary provision or maintenance of proper records. This increases the risk of inappropriate use of funds, budget overspend, misappropriation or error.</p>	<p>The Head of Service should remind staff of the purchasing process to be followed and assurance checks should be carried out to ensure that procurement practice complies with PATROL's Financial Regulations.</p> <p>Particular emphasis should be made in respect of:</p> <ul style="list-style-type: none"> <li>• ensuring purchase orders are raised to the value of goods or services to be received;</li> <li>• purchase orders being authorised prior to the purchase being made; and</li> <li>• evidence of satisfactory receipt of goods/services.</li> </ul>	<p>● Moderate (Compliance)</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> Audit findings and recommendations to be presented to Budget Holders next meeting.</p> <p><b>Additional Resources Required for implementation:</b> N/A</p> <p><b>Responsible Officer:</b> Head of Service</p> <p><b>Target Date:</b> 14 June 2012</p>

Matters Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
<p>4</p> <p>From our review of purchases and supporting documentation we found 1/5 transactions where quotes were not obtained despite meeting the requirements outlined in the Financial Regulations to do so.</p> <p>The Head of Service has advised that the consultant was known to have undertaken similar specialist work and that the waiver to normal procurement on this basis would be presented to the next PATROL AJC.</p>	<p>The absence of appropriate competition in procurement increases the risk that value for money may not be obtained.</p>	<p>The Head of Service should document the circumstances under which it is appropriate to waive the standard competitive procurement process. This list should be presented to the PATROL and Bus Lane AJCs for consideration, amendment if necessary, and approval.</p> <p>The Head of Service should annually present to PATROL and Bus Lane AJC's those suppliers where the waiver to procurement has been exercised, this should include the reason for the waiver in line with the approved list above.</p>	<p> Moderate (Compliance)</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> Develop procedure for approval by the Joint Committees.</p> <p><b>Additional Resources Required for implementation:</b> N/A</p> <p><b>Responsible Officer:</b> Head of Service</p> <p><b>Target Date:</b> 30 September 2012</p>








Matters Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
<b>Section H: Assets and Investment registers were complete, accurate and properly maintained.</b>				
<p>5</p> <p>Although generally well maintained the IT Inventory (used jointly for Parking and Bus Lanes) did not sufficiently distinguish the location of IT assets. In a significant number of cases the assets were listed as 'Unassigned Office' which included items both in the general office, those in individuals offices, and those locked away in the IT storage cupboard.</p> <p>It should be noted that with the support of the Technology Manager we were able to locate all the items tested, however this detailed information needs to be retained on the register.</p>	<p>If an up to date and comprehensive asset register is not maintained, there is an increased risk of loss or misappropriation, as well as increased risk of misuse.</p>	<p>The Technology Manager should ensure the location of all items is clearly recorded within the IT Inventory to allow for easy identification, e.g. items held in storage should be separately recorded from those in active use.</p> <p>The proposed move to a new host authority and new offices provides an ideal opportunity to implement best practice. We suggest that the location of specific items should be linked to a desk plan to provide a clear detailed location for all items.</p>	<p>● Moderate (Compliance)</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> Audit findings and recommendations to be communicated to the Technology Manager.</p> <p>Changes to the Inventory will be considered as part of the move following the change of host.</p> <p><b>Additional Resources Required for implementation:</b> N/A</p> <p><b>Responsible Officer:</b> Technology Manager</p> <p><b>Target Date:</b> 31 March 2013 (to facilitate application of best practice to new premises)</p>

Matters Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
<b>Section I: Periodic and year-end bank account reconciliations were properly carried out.</b>				
6	<p>Although periodic bank reconciliations were undertaken for PATROL, these were not completed monthly in line with the Financial Regulations.</p> <p>Bank reconciliations for Bus Lanes had been undertaken each month in line with requirements.</p>	<p>If the bank reconciliation process is not completed in a timely manner there is an increased risk that errors, loss, or inappropriate use of funds would not be identified.</p>	<p>The Finance Manager should ensure monthly reconciliations are completed in line with Financial Regulations.</p> <p>The Head of Service should periodically check that bank reconciliations have been completed within the allotted timescale.</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> Head of Service to document checking of bank reconciliations in accordance with Financial Regulations time period.</p> <p><b>Additional Resources Required for Implementation:</b> N/A</p> <p><b>Responsible Officer:</b> Head of Service</p> <p><b>Target Date:</b> 31 July 2012</p>



## Appendix 2. Basis of our opinion and level of assurance

Risk Type	Description
<b>Control</b>	There are areas for development and improvement in the design of the system of internal control.
<b>Compliance</b>	There is need to improve compliance with the existing system of internal control, processes or procedures

Risk	Assessment rationale
<p> E. Critical</p>	Life threatening / multiple serious injuries or prolonged work place stress. Severe impact on morale and service performance. Intense political and media scrutiny i.e. national media coverage / prolonged local media coverage. Possible criminal, or high profile, civil action. Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects. Large increase on project budget/cost: (more than <b>15 to 30%</b> of the service budget). Statutory intervention triggered.
<p> D. Major</p>	Serious injuries or stress requiring medical treatment with many workdays lost. Major impact on morale and performance. Scrutiny required by external agencies, external audit etc. Unfavourable national or prolonged local external media coverage. Noticeable impact on public opinion. Major impact on the effectiveness of governance for Patrol. Significant disruption of core activities / performance. Key targets missed, some services compromised. Senior Management action required. Major increase on project budget/cost: (more than <b>6 to 15%</b> of the service budget).
<p> C. Significant</p>	Injuries or stress requiring some medical treatment with workdays lost. Some impact on morale and performance. Scrutiny likely to be exercised by external agencies, internal committees or internal audit to prevent escalation. Probable limited unfavourable local media coverage. Significant short-term disruption of service performance. Financial Regulations not complied with. Impact on the effectiveness of governance at the Service level. Significant increase on project budget/cost: (more than <b>3 to 6%</b> of the departmental budget). Handled within the team.
<p> B. Moderate</p>	Injuries / stress requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance. Additional scrutiny required by management and internal committees to prevent escalation. Possible limited unfavourable local media coverage. Short-term disruption of service performance. Financial Regulations occasionally not complied with. Minor impact on the effectiveness of governance or moderate impact at service level. Small increase on project budget/cost: (up to <b>3%</b> of the departmental budget). Handled within the team.
<p> A. Minor</p>	Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale Internal Review, unlikely to have impact on the corporate image. Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. Some impact on the effectiveness of governance at service level. Minimal financial loss – Minimal effect on project budget/cost: Negligible effect on total Budget or departmental budget).

## *Appendix 3. Key Principles of a Staff Expense Scheme*

### **1. Purpose**

Date of Scheme.

The purpose of expenses.

Overview of when to use expenses. (as opposed to other procurement method)

Overview of what is not an expense. (e.g. Procurement of Goods/Services/Travel.)

Overview of what is not appropriate (e.g. Gambling, Alcohol)

If decision is to use maximum limits when appropriate, then what these limits are (eg Subsistence).

Timescales for making claims

### **2. Role and Responsibilities**

A description of the roles and responsibilities for all those involved in Expense Claims, this could include:

- Claimant
- Line Manager
- Approver
- Finance Team

### **3. Management Assurance Processes**

The Claimant and Approvers responsibility for making appropriate claims, and an explanation of the action to be taken in the event of inappropriate or fraudulent claims.

The links between the Scheme and Code of Conduct or other appropriate policies.

How management will gain assurance over expense claims, and details of the process to be followed.

**4. Examples of Valid / Invalid Claims**

Examples of where it is and isn't appropriate to make claims, with details of why not and what alternatives there are.

*(HMRC often uses examples well e.g. guidance note 490 Employee Travel in respect of VAT implications of travel expenses. )*

**5. VAT**

Explanation of VAT implications for both Staff and PATROL Including the need for VAT returns as required.

**6. Submission of Claims**

How to claim Expenses - how to complete form and where to send it.

Role of Finance Team to reject and return incorrect or incomplete forms.

The requirement to provide receipts (where appropriate).

Timescales for making claims.

Approval Process.

**7. Payment of Staff Expenses**

Method of Payment.

Frequency of Payment.

**8. Copy of Claim Form**

Blank Copy of the Claim Form.

Patrol  
**UK Balance Sheet - Standard**

As of 31 March 2012

ITEM 13 APPENDIX 4  
Balance Sheet

31 Mar 12

**ASSETS**

**Current Assets**

**Other Current Assets**

Reserves Account	694,230.00
Parking Year End Debtors Adjust	34,540.51
Pre-Payments	148,001.33
<b>Total Other Current Assets</b>	<b>876,771.84</b>

**Accounts Receivable**

Accounts Receivable	205,233.09
<b>Total Accounts Receivable</b>	<b>205,233.09</b>

**Cash at bank and in hand**

PATROL - Parking	1,117,013.30
<b>Total Cash at bank and in hand</b>	<b>1,117,013.30</b>

**Total Current Assets** 2,199,018.23

**Current Liabilities**

**Accounts Payable**

Accounts Payable	140,391.67
<b>Total Accounts Payable</b>	<b>140,391.67</b>

**Credit Cards**

Jane Robinson	201.25
Kelly Cornell - RBS Card	-1,168.40
Kerry Colbourne	85.00
Room Hire Credit Card	2,001.71
<b>Total Credit Cards</b>	<b>1,119.56</b>

**Other Current Liabilities**

Accruals	106,285.35
Debtors Receipts In Advance	87,588.80
VAT Liability	-83.93
<b>Total Other Current Liabilities</b>	<b>193,790.22</b>

**Total Current Liabilities** 335,301.45

**NET CURRENT ASSETS** 1,863,716.78

**TOTAL ASSETS LESS CURRENT LIABILITIES** 1,863,716.78

**NET ASSETS** 1,863,716.78

**Capital and Reserves**

Reserves - Parking	718,892.28
Unrestricted Net Assets	396,518.72
Profit for the Year	748,305.78

**Shareholder funds** 1,863,716.78

---

**PATROL ADJUDICATION JOINT COMMITTEE  
CODE OF CORPORATE GOVERNANCE**

**JUNE 2012**

**Background**

The PATROL Adjudication Joint Committee, formerly the National Parking Adjudication Service Joint Committee, has been established to enable Councils having Civil Enforcement Area Orders to exercise their functions under Section 81 of the Traffic Management Act 2004 and Regulations 17 and 18 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007. These functions are exercised jointly with the other councils in accordance with the requirements of Regulation 16 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007.

The functions exercised by the PATROL Adjudication Joint Committee on behalf of its constituent councils are appointing independent adjudicators to the Traffic Penalty Tribunal, providing these adjudicators with administrative staff and accommodation and providing hearing venues. Its remit in relation to the Tribunal is limited to these matters. The Joint Committee also undertakes such other associated functions as the participating Authorities may lawfully arrange Joint Committee to perform as they from time to time consider appropriate.

The PATROL Adjudication Joint Committee (PATROLAJC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The PATROLAJC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the PATROLAJC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The PATROLAJC, in so far as it is applicable, is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* in developing its Code of Corporate Governance. The CIPFA/SOLACE governance framework 'Delivering Good Governance in Local Government' brings together an underlying set of legislative requirements, governance principles and management processes.

---

## The Code of Corporate Governance

The PATROL Adjudication Joint Committee's Code of Corporate Governance chimes with the overall aim of the CIPFA/SOLACE framework (CIPFA/SOLACE Framework "Delivering Good Governance in Local Government" 2007) to promote effective governance i.e. "doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner". However, the PATROL Adjudication Joint Committee is mindful of its specific remit, role and responsibilities in adopting the core principles of the CIPFA/SOLACE framework to promote effective governance.

To clarify this, Appendix 2i provides an overview of the Traffic Penalty Tribunal and PATROL Adjudication Joint Committee and their respective roles and it is recognised that clarity in this respect is paramount to promote the continued integrity and independence of the Adjudicators.

- a) Focusing on the purpose of the Joint Committee, its objectives and outcomes.
  - Exercising strategic leadership and clearly communicating its purpose and vision and intended outcomes.
  - Ensuring that users receive a high quality of service.
  - Ensuring that best use is made of resources to achieve value for money.
- b) Members and officers working together to achieve a common purpose with clearly defined functions and roles.
  - Effective leadership and clarity about executive and non-executive functions.
  - Ensuring a constructive working relationship exists between authority members and officers with responsibilities carried out to a high standard.
- c) Promoting values for the Joint Committee and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
  - Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.
  - Ensuring values are put into place and are effective.
- d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
  - Being rigorous and transparent about how decisions are taken.
  - Having good quality information, advice and support to ensure that services are delivered effectively.
  - Ensuring that an effective risk management system is in place.
- e) Developing the capability of members and officers to be effective
  - Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.

- Developing the capability of people with governance responsibilities
- f) Stakeholders are engaged with to ensure robust accountability
- Effectively engaging with stakeholders
  - Taking an active and planned approach to dialogue

By adopting the spirit of these six principles, the PATROL Adjudication Joint Committee will:

- i) Structure its governance arrangements.
- ii) Annually monitor effectiveness
- iii) Demonstrate how core principles will be applied and compliance tested.

The Code of Conduct will be reviewed on an annual basis.

---

APPENDIX 5i  
**PATROL (PARKING AND TRAFFIC REGULATIONS OUTSIDE  
LONDON) ADJUDICATION JOINT COMMITTEE  
&  
BUS LANE ADJUDICATION SERVICE JOINT COMMITTEE**

**Briefing Note for New Council Representatives**

**1. Introduction to the Traffic Penalty Tribunal**

**The Traffic Penalty Tribunal is an independent tribunal where impartial lawyers consider appeals by motorists and vehicle owners whose vehicles have been issued with:**

- Penalty Charge Notices (or have been removed or clamped) by councils in England and Wales enforcing parking under the Traffic Management Act 2004.
- Penalty Charge Notices by councils in England undertaking civil bus lane enforcement under The Bus Lane Contraventions (Penalty Charges, Adjudication and Enforcement) (England) Regulations (2005 SI No 2757).

**The principal objective of the Traffic Penalty Tribunal is to provide independent, impartial and well considered decisions based on fact and law in a way that is user-focused, efficient, timely, helpful and readily accessible.**

The Traffic Penalty Tribunal has its headquarters in Manchester but operates across England (outside London) and Wales with its Adjudicators and Hearing Centre Supervisors working remotely and from hearing venues in over 60 locations. The Traffic Penalty Tribunal deals with some 18,000 plus appeals per annum and has 23 Adjudicators including a Chief Adjudicator, 20 Hearing Centre Supervisors and twenty-two staff.

**It is the Adjudicator's function to independently decide the appeals and issue any directions required for the management of appeals.**

The Traffic Penalty Tribunal comes under the supervision of the Administrative Justice and Tribunals Council which has established a Framework of Standards for Tribunals which states that tribunals should:

- Be independent
- Provide open, fair and impartial hearings
- Be accessible to users
- Focus on the needs of users
- Offer cost effective procedures
- Be properly resourced and organised



- 
- Work with first tier decision makers to improve the “end to end” experience for the user.

Both parties, Councils and Appellants, have a right to a personal hearing, but alternatively may agree to have a telephone or postal hearing.

Technology is central to the whole operation with adjudicators accessing the tribunal's case management system remotely. The Tribunal actively encourages parties to correspond with the tribunal electronically and is also actively encouraging councils to provide the facility for appellants to appeal on line.

### **For more information**

For more information about The Traffic Penalty Tribunal, members are requested to:

- Visit the tribunal's web site at [www.trafficpenaltytribunal.gov.uk](http://www.trafficpenaltytribunal.gov.uk).
- Refer to the Adjudicators Annual Report – available through the web site.
- Contact the Head of Service who will be pleased to provide additional information or arrange a visit to the Manchester offices.
- Members are welcome to participate in any tribunal events e.g. council induction events or council user groups.

## **2. Background to the Joint Committees**

The PATROL Adjudication Joint Committee, formerly the National Parking Adjudication Service Joint Committee, has been established to enable Councils having Civil Enforcement Area Orders to exercise their functions under Section 81 of the Traffic Management Act 2004 and Regulations 17 and 18 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007. These functions are exercised jointly with the other councils in accordance with the requirements of Regulation 16 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007.

The functions exercised by the PATROL Adjudication Joint Committee on behalf of its constituent councils are appointing independent adjudicators to the Traffic Penalty Tribunal (subject to the consent of the Lord Chancellor), providing these adjudicators with administrative staff and accommodation and providing hearing venues. **Its remit in relation to the Tribunal is limited to these matters.** The Joint Committee also undertakes such other associated functions as the Participating Authorities may lawfully arrange Joint Committee to perform as they from time to time consider appropriate.

The Agreement that regulates the setting up of the Joint Committee provides for one Representative for each constituent Council. Members of the Joint Committee need not be an “Executive Member” of their Council, but this is a matter for each Council to decide. If the nominated Representative cannot attend the meeting, provision is made for a named substitute to attend in his/her place.

In 2006 with the introduction of civil bus lane enforcement, it was agreed that there would be an integrated tribunal for parking and bus lane enforcement. However, there

---

must be a separate Joint Committee, the Bus Lane Adjudication Service Joint Committee until such time as both areas of enforcement are governed by the same legislation i.e. the Traffic Management Act 2004. Where councils enforce bus lanes, they are required to become a member of the Bus Lane Adjudication Service Joint Committee.

### **3. Role of Joint Committee Members**

**The role of Members of the Joint Committee is to oversee the functions of The Traffic Penalty Tribunal as an Independent Tribunal.**

**There is not a role as such in respect of the parking/bus lane enforcement activities of the Local Authority they represent on the Joint Committee nor do members have the remit to discuss or influence Adjudicator decisions. The independence and integrity of the tribunal is paramount.**

Typically agenda items will include:

- Appointment of adjudicators
- New member councils
- Budgets
- Budget monitoring
- Governance Matters
- Service Charges to user councils
- General progress and service standards
- Establishment of Sub Committees and Advisory Board.
- Other relevant items of interest to the Joint Committee in exercising its duties

Members elect a Chair, Vice Chair and in the case of the PATROL Adjudication Joint Committee, an Assistant Chair. Meetings are attended by the Chair of the Advisory Board, the Chief Adjudicator and Head of Service.

The Head of Service presents reports to the Joint Committee meetings on behalf of the Lead Officer in relation to administrative matters and the Chief Adjudicator presents on judicial matters, administrative responsibilities delegated to her within the scheme of delegation and the Annual Report of the Adjudicators.

### **4. Joint Committee Primary Objectives**

The agreed primary objectives of the Joint Committees are the provision of:

- a) A fair adjudication service for Appellants including visible independence of adjudicators from the authorities in whose areas they are working.
- b) Consistency in access to adjudication.
- c) A cost effective and equitable adjudication service for all Parking Authorities and Bus Lane authorities in England and Wales.
- d) Flexibility to deal with a wide range of local authorities with varying levels of demand for adjudication.

In addition, the Joint Committee oversees any agreed PATROL initiatives e.g. commissioning Independent Reviews and the provision of public information.

## **5. Joint Committee Meetings**

The annual meeting of the PATROL Adjudication Joint Committee takes place in June each year in the Birmingham area.

In addition the Joint Committee has established an Executive Sub Committee which meets twice a year in January and September, again in the Birmingham area. Where possible, Bus Lane Adjudication Joint Committee meetings are scheduled to coincide with the January, June and September meetings.

The PATROL Adjudication Joint Committee has also established an Executive Sub Committee (Wales) with specific reference to matters arising from the separate regulations for the civil enforcement of parking in England and Wales.

Members are encouraged to attend in order to broaden their appreciation of the functions of the Joint Committee. In addition to local authority councillors and officers, the Joint Committee meetings are attended by the Chief Adjudicator, Chair of the Advisory Board and Head of Service. Local authority officers are also welcome to attend.

Notices and papers in respect of Joint Committee meetings are issued by the Lead Authority. Please note that, in the interests of efficiency, papers will only be issued to councillors who have confirmed that they wish to attend.

In addition, prior to each meeting Democratic Services Departments within each member authority will be notified of the publication of papers and provided with a link to a web version for reference purposes. Papers for the meetings are posted on the PATROL web site.

<http://cpapers.patrol-uk.info/>

Any queries in relation to meetings can be addressed to the Head of Service.

## **6. Lead Authority and Lead Officer Role**

Because the Joint Committees have no corporate status and cannot therefore contract, one of the constituent Councils has been appointed Lead Authority to enable goods and services to be provided on behalf of the Joint Committees. The responsibilities of the Lead Authority are set out in the Joint Committee's agreement and within the Scheme of Delegation. Initially Manchester has been appointed the Lead Authority.

The Joint Committees have delegated decision making in relation to the majority of day to day matters to a "Lead Officer" (initially the Lead Officer is the Chief Executive of Manchester) or to the Chief Parking Adjudicator/Bus Lane Adjudicator, depending on the

---

subject matter. For the most part the Head of Service of Joint Committee Services acts on behalf of the "Lead Officer".

Except in the case of urgent business, the Lead Officer, in exercising the functions delegated to him, is required to consult with an officer working party (the Advisory Board) comprising the Lead Officer plus up to eleven people, including: seven representatives of local authorities with at least one representing: an English Authority; a Welsh Authority; a District Council; a County Council; a Unitary or Metropolitan Council and a bus lane enforcement council. Representatives of the Department for Transport and Welsh Government have been appointed members of the Advisory Board. There are also two other representatives, a lay member with tribunal experience, and a representative from a motoring organisation. The Advisory Board will have considered all papers being recommended to the Joint Committee.

## **7. Joint Committee Agreement**

The form of the PATROL Adjudication Joint Committee and Bus Lane Adjudication Service Joint Committee Agreements, the articles by which local authorities becomes a member of the Joint Committee, has been the subject of detailed negotiations between the initial parties. Their final form has been approved by leading Counsel. For this reason it is requested that joining councils do not seek to make changes to the terms of the Agreements.

Whilst the Agreements provide for the terms on which the Joint Committees are to operate, including making provision for the joining of new members and for the appointment of a Lead Authority, they do not set out in detail the amount of contributions required from member councils. These contributions are decided by the Joint Committee and are set at a level which should not be prohibitive to any council wishing to join the Joint Committee. These charges will be reviewed annually by the Joint Committees at their January meetings.

## **8. Public Information**

The Joint Committee has approved the provision of common public information on civil enforcement on behalf of local authorities. A public information web site is in operation at [www.patrol-uk.info](http://www.patrol-uk.info). Information about the web site can be sought from Miles Wallace on 0161 242 5290 or [mwallace@patrol-uk.info](mailto:mwallace@patrol-uk.info).

**9. Feedback**

I trust that this briefing note has been useful. If you have any comments on how this might be improved, please do not hesitate to contact me.

Louise Hutchinson  
Head of Service  
Joint Committee Services  
PATROL  
Barlow House  
Minshull Street  
Manchester  
M1 3DZ

Direct Line: 0161 242 5270

Email: [lhutchinson@patrol-uk.info](mailto:lhutchinson@patrol-uk.info)

[www.patrol-uk.info](http://www.patrol-uk.info)

June 2012

## REPORT FOR RESOLUTION

**SUBJECT:** AUDIT  
**REPORT OF:** The Lead Officer

---

### PURPOSE OF REPORT

To present:

- i) Internal audit reports in respect of:
  - Business Continuity Planning (Appendix 1)
  - Business Planning (Appendix 2)
  - Follow up on previous Audit Recommendations (Appendix 3)
- ii) The 2012/13 internal audit plan for approval (Appendix 4)

### RECOMMENDATIONS

It is recommended that the Joint Committee:

- [i] Notes the internal audit reports for 2011/12 and the management responses.
- [ii] Approves the Internal Audit Plan for 2012/13

### FINANCIAL CONSEQUENCES

Provision is made for external and internal audit work. The proposed internal audit work will result in an increase in the level of internal audit fees.

### CONTACT OFFICERS

**Louise Hutchinson, PATROL Headquarters, Barlow House, Minshull Street, Manchester,  
M1 3DZ Tel: 0161 242 5270**

## 1. BACKGROUND

1.1 The Joint Committee approved an Internal Audit Plan for 2011/12 at its meeting in January 2011. Internal Audit Reports for this period are enclosed together with the management response. These reports are as follows:

Business Continuity Planning (Appendix 1)  
Business Planning (Appendix 2)  
Follow up on previous Audit Recommendations (Appendix 3)

1.2 As part of a three-year internal audit strategy, it was agreed that the Joint Committee would approve the annual audit plan. A copy of the plan for 2012/13 is enclosed for approval (Appendix 4).

## 2. RECOMMENDATION

It is recommended that the Joint Committee:

- [i] Notes the internal audit reports for 2011/12 and the management responses.
- [ii] Approves the Internal Audit Plan for 2012/13

PATROL Adjudication Joint Committee  
31<sup>st</sup> January 2012  
Item 9 Appendix 1

# Internal Audit Report

## **PATROL - Business Continuity**

**Tom Powell**  
**Corporate Services**



## Distribution List

Business Owner
Louise Hutchinson, Head of Service, PATROL
Additional Report Distributions
Sir Howard Bernstein, Chief Executive
Richard Paver, City Treasurer
Michelle Chard, Head of Democratic and Statutory Services
Caroline Shephard, Chief Adjudicator
Jackie Gloag, Business Manager
Louise Nyland, BDO Stoy Hayward

## Audit Team

Name	Contact Details
Anthony Hughes, Risk and Resilience Lead	814 5247
Helen Smith, Lead Auditor	814 5238
Kathryn Fyfe, Principal Audit Manager	814 5271
Tom Powell, Head of Internal Audit and Risk Management	814 5273

## Report Status

Activity	Date
Fieldwork Commenced	12 December 2011
Draft Report Issued	17 January 2012
Management Responses Requested by	26 January 2012
Management Responses Received	19 January 2012
Final Report Issued	23 January 2012

## **1 Introduction**

- 1.1 This report summarises the findings and conclusions from our desk top review of business continuity arrangements for the Parking and Traffic Regulations Outside London Adjudication Joint Committee (PATROL AJC).

## **2 Background**

- 2.1 The Traffic Penalty Tribunal is an independent tribunal where impartial lawyers consider appeals by motorists and vehicles owners whose vehicles have been issued with Penalty Charge Notices, under either the Traffic Management Act 2004 or The Bus Lane Contraventions Regulations.
- 2.2 The PATROL Adjudication Joint Committee has been established to enable Councils having Civil Enforcement Area Orders to exercise their functions under Section 81 of the Traffic Management Act 2004 and Regulations 17 and 18 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007. These functions are exercised jointly with the other councils in accordance with the requirements of Regulation 16 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007. The expenses of the Joint Committee in carrying out its functions are defrayed amongst the member authorities
- 2.3 The Joint Committee has appointed Manchester City Council as its Lead Authority. The Council's Internal Audit service has agreed a three year audit strategy with PATROL management following a risk assessment. The Internal Audit Plan for 2011/12 includes a review of the business continuity arrangements. In practical terms, business continuity management is concerned with maintaining business as usual and delivering essential services in the face of disruption such as ICT failure, or staff shortages resulting from illness or severe weather.
- 2.4 The British Standard BS25999 defines business continuity management as a holistic management process that identifies potential threats and impacts to an organisation. It provides a framework for building organisational resilience with the capability for an effective response that safeguards the interest of its key stakeholders and reputation.

## **3 Scope, Objectives and Approach**

- 3.1 To provide assurance over the adequacy of PATROL's business continuity arrangements and their alignment to the key principles of BS25999.
- 3.2 Discussions were held with the Head of Service, Finance Manager and Business Manager. We also reviewed supporting documentation including the Business Continuity Plan and Business Continuity Group papers.

## **4 Findings**

### Embedding Business Continuity

- 4.1 It was pleasing to note a Business Continuity Group had been established, with membership consisting of key senior operational staff within PATROL, including the Head of Service, Business Manager, Tribunal Registrar, Appeals Manager and Technology Manager. Discussions with the Head of Service indicated that there may be some benefit to the Finance Manager attending future meetings.

- 4.2 Our review of the Business Continuity Plan (BCP), meeting minutes and supporting documentation confirmed that PATROL has made significant progress in developing and embedding business continuity arrangements across the organisation.
- 4.3 The Business Continuity Group meeting minutes confirmed arrangements had been reviewed and considered by senior management and action points assigned to individuals. Action points were recorded and reflected on as a standard item on the agenda, however we consider monitoring of these could be improved by recording the date actions were raised and the required date for completion.

#### Business Continuity Plan (BCP)

- 4.4 It was clear the BCP had been reviewed on a periodic basis and version control was in place to provide an evidence trail of any changes made.
- 4.5 All members of staff were able to access the BCP electronically (with managers also having remote access) and additional hard copies of the document were available within the office. Discussions with the Head of Service and Business Manager confirmed that hard copies of the BCP were held off site by members of the Business Continuity Group.
- 4.6 It was pleasing to note that an agreed communication cascade process was in place. Discussions with the Head of Service confirmed the details of this were appropriate given the size of the organisation.
- 4.7 From our review of the BCP it is evident that a Business Impact Analysis (BIA) has been completed and clear strategies and procedures were in place in the event of several scenarios. However, we consider it best practice and for the purpose of clarity would recommend the BIA and BCP stages are separated into two discrete documents. To assist with this we have attached an example pro-forma document which can be used when undertaking the BIA. The template is aimed at helping organisations better measure the impact of events over time. This in turn can provide a better understanding of where resources should be concentrated and can identify any single points of failure.
- 4.8 At the time of our visit there was no clearly defined business continuity management policy in place. It is recommended that one is established which sets out the strategic approach and management expectations.
- 4.9 It was noted that good practice for organisations to have flexible working capability. Managers had remote access to systems should access to the buildings be denied. In addition to this Adjudicators and had off-site access to the Appeals Information Management System. This flexible working capability offers added resilience to the organisation.
- 4.10 We were aware that the business was in the process of negotiating a change of premises. We consider it is therefore timely to review and document the preventative and corrective actions to ensure that arrangements in place remain up to date with organisational changes.

#### Testing

- 4.11 The Head of Service and Business Manager confirmed that whilst there had not been a planned test of the business continuity arrangements, there had been several real disruptions to service which involved the BCP being invoked. We were informed that business continuity arrangements undertaken during these incidents had proved effective. The ethos of business continuity management is one of continuous

improvements and therefore it is important to evaluate both success and failure. As such it is considered best practice for documented records of incidents to be maintained.

## **5 Conclusions**

- 5.1 Based on the work undertaken it is apparent that clear and robust business continuity arrangements are in place for PATROL. As such we are able to provide substantial assurance over the adequacy of arrangements and their alignment to the key principles of BS25999. To help ensure the organisation continues to learn and develop in this area we consider there are benefits to PATROL becoming members of the Manchester Business Continuity Forum, an independent forum which shares best practice with other organisations from different sectors within the area.

## **6 Recommendations**

- 6.1 The Action Plan at Appendix 1 includes our recommendations for improvement. We have also enclosed at Appendix 2 an example Business Continuity Management Policy, a copy of the Terms of Reference for the Manchester Business Continuity Forum and an example Business Impact Analysis document for information.

# Appendix 1. Detailed Findings Recommendations and Action Plan

	Issues Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
1	<p>There was no clearly defined business continuity management policy in place. The purpose of such a document is to establish the basic principles and framework necessary to ensure emergency response, resumption and recovery of operations and business activities during a business interruption or event.</p>	<p>In the absence of an agreed business continuity management policy, arrangements may not meet the Joint Committee's needs, responsibilities may not be fully understood or resourced and risks and impacts resulting from incidents may not be planned for and managed effectively.</p> <p>The absence of a formal approved approach to business continuity could impact adversely on the reputation of the Joint Committee and attract adverse comment from stakeholders and the public.</p>	<p>The Head of Service should develop a business continuity management policy to submit to the Joint Committee for consideration and approval. We would expect such a policy to contain:</p> <ul style="list-style-type: none"> <li>• business continuity roles and responsibilities;</li> <li>• systems for developing and maintaining BIA and BCP records;</li> <li>• a structured testing programme;</li> <li>• training;</li> <li>• reporting requirements; and</li> <li>• standards for compliance.</li> </ul>	<p>Significant (Control)</p>	<p><b>Agreed: Yes</b>  <b>Action to be taken:</b>            Preparation of business continuity management policy for approval by the Joint Committee  <b>Additional Resources Required for implementation: No</b>  <b>Responsible Officer:</b>            Head of Service  <b>Target Date:</b> June 2012</p>
2	<p>The Head of Service confirmed that a structured testing programme was not in place, however actual incidents had occurred previously over the last financial year and the findings from these were reviewed to identify any areas for improvement.</p>	<p>Without a planned testing programme Members are less able to gain assurance that business continuity plans will actually be effective in the event of a real life incident. Furthermore, there is an increased risk that omissions or inaccuracies on BCPs are not identified which may have a consequent</p>	<p>The Head of Service should ensure that PATROL's approach to the testing of BCPs is defined and developed with the aim of delivering assurance over the operational effectiveness of BCPs. This should consider the methodology within the British Standard BS25999.</p>	<p>Significant (Control)</p>	<p><b>Agreed: Yes</b>  <b>Action to be taken:</b>            Update the Business Continuity Plan to include Testing Requirements  <b>Additional Resources Required for implementation: No</b>  <b>Responsible Officer:</b>            Business Manager  <b>Target Date:</b> June 2012</p>

Matters Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
	<p>impact on PATROL's ability to deliver services.</p> <p>Without practical testing there is a lack of assurance for the Council that plans will actually be effective in the event of a real life incident.</p>	<p>The testing programme should include a review of the completeness and accuracy of data contained in BCPs and a formal feedback system that confirms amendments have been made and ensures lessons learned are incorporated into future planning.</p>		
3	<p>Whilst a BIA had been completed, the findings of this were contained within the BCP. It is considered good practice for these aspects of the process to be recorded separately to ensure clarity and detailed analysis of impacts over time. We therefore considered there was scope to improve the format and content of business continuity documentation.</p>	<p>The Head of Service should ensure that for the purpose of clarity, when next reviewed the BIA and BCP stages are prepared as two discrete documents.</p> <p>To assist with this process we have provided an example BIA template at Appendix 2. This will help management ensure resources are appropriately directed across the organisation in the event of incidents.</p>	<p>Moderate (Control)</p>	<p><b>Agreed: Yes</b>  <b>Action to be taken:</b>            Division of BIA and BCP documentation to be undertaken  <b>Additional Resources Required for Implementation: No</b>  <b>Responsible Officer:</b>            Business Manager  <b>Target Date:</b>            September 2012</p>

	<b>Matters Arising</b>	<b>Potential Risk Implications</b>	<b>Recommendations</b>	<b>Risk</b>	<b>Management Response and agreed actions</b>
4	Action points were captured and recorded on minutes from Business Continuity Group meetings however it was not always clear when the action was raised or when it was due to be completed.	Without a clear record of when actions are due to be completed or the date they were raised, it is more difficult to accurately identify and assess changes to PATROL's exposure to risk over time.	The Head of Service should ensure minutes from the Business Continuity Group capture both the date action points are raised and the target completion date.	<input checked="" type="radio"/> Minor (Control)	<b>Agreed: Yes</b> <b>Action to be taken:</b> Chronology of task and completion dates to be introduced to the minutes of the BCG. <b>Additional Resources Required for Implementation: No</b> <b>Responsible Officer:</b> Business Manager <b>Target Date:</b> With effect from next meeting to be held in April 2012.

## *Appendix 2. Additional Information*

### *2a. Example Business Continuity Management Policy*

#### **BUSINESS CONTINUITY MANAGEMENT POLICY**

##### **PURPOSE**

The purpose of this policy is to formalise the Business Continuity program and to provide guidelines for developing, maintaining and exercising Business Continuity Plans (BCPs).

This policy establishes the basic principles and framework necessary to ensure emergency response, resumption and recovery, restoration and permanent recovery of operations and business activities during a business interruption event.

##### **SCOPE**

This policy applies to all PATROL's staff, facilities and IT systems. PATROL shall be prepared for scenarios including, but not limited to, natural disaster, power outage, hardware/telecommunications failures, data corruption and terrorism. These events may be local in nature, or could have regional impact, with multiple facilities in a geographic region becoming inaccessible.

This policy provides guidance for the resumption and recovery of time sensitive business operations in accordance with pre-established timeframes as well as ensuring that adequate plans are in place for the less time sensitive business operations.

##### **POLICY**

PATROL recognise the potential strategic, operational, financial, reputational and stakeholder risks associated with service interruptions and the importance of maintaining viable capability to continue business processes with minimum impact in the event of an emergency.

##### **DEFINITIONS**

- **BCG** – Business Continuity Group
- **BCP** – Business Continuity Plan
- **BIA** – Business Impact Analysis

##### **PROCEDURES:**

###### **Statement of Policy**

Business continuity policy and planning are fundamental to ensure against organisational and reputational risk to PATROL in case of business interruption. PATROL must develop, exercise, test and maintain plans for the resumption and recovery of business functions and processing resources. The resumption and recovery plans must be based on a risk assessment that considers potential losses due to unavailability of service versus the cost of resumption. These plans shall anticipate a variety of probable scenarios ranging from local to regional crisis. Business continuity policy and planning complement crisis management in recognising that staff are the most important assets and ensuring the necessary ability to continue critical business



processes in spite of an emergency or to resume them before their unavailability disrupts the work of PATROL.

### **Responsibilities**

The BCG is responsible for this policy. The following sections denote the distribution of responsibilities for business continuity.

### **Key Stakeholders**

The key stakeholders who participate in institutional BC program policy, planning and governance are senior management and critical systems, services and applications owners:

- Joint Committee;
- Advisory Board;
- Head of Service;
- Business Manager;
- Tribunal Registrar;
- Appeals Manager; and
- Technology Manager.

*(enter any other relevant parties here)*

### **Business Impact Analysis (BIA) and Risk Assessment**

The BCG shall undertake a BIA on a *(frequency to be determined)* basis to identify and prioritise the critical business processes and costs of downtime. The BIA shall cover the major business processes that cut across the multiple sections or teams. It shall identify the business process availability, recovery time objectives and associated risks if these processes were not available.

### **The Business Continuity Plan**

The BCG shall develop the BCP to recover from an incident and provide, at the very minimum, the ability to recover critical processes in line with the findings of the BIA.

The recovery plans for an incident shall be developed by the BCG and the senior management responsible for PATROL. The BCG shall have oversight as to the creation of local plans to provide leadership and guidance, and ensure appropriate consistency and coordination among the various business dependencies, as well as compliance/consistency with standards.

During an incident, the *Head of Service/Business Manager* shall activate the Business Continuity Plan. The BCG shall work with the affected sections/teams to ensure smooth execution of the BCP, particularly in relation to any necessary relocation of services.

In some cases, it may not be necessary to relocate staff. To address local crisis situations, alternate approaches for resumption including remote work, working from other office buildings, etc., shall be identified for affected business units working with management, the BCG and security, facilities and IT teams.

### **Develop Resumption and Recovery Plans for People Assets**

PATROL senior management shall be provided with communication approaches and tools to ensure communication among themselves and with the staff for emergency response and business continuity.

The BCG shall implement and maintain a basic communication plan for all sections/teams for emergency response and business continuity. Guidance on what constitutes a basic communication plan shall follow a standard to be developed and issued.. Confidentiality of staff personal contact information for this purpose shall be managed in compliance with the Information Security and HR policies and practices.

Business continuity plans shall identify the designated primary staff member (from the business operation) and an alternate who can perform functional responsibilities in the absence of the primary staff member. Some managers may be required to work from remote offices or from home.

The BCG shall work to develop clear guidance on how the staff shall report their time during crisis. These staff may be directed to suspend their regular duties until the operations are restored at a permanent site or some alternate direction is provided.

### **Develop Resumption and Recovery Plans for Facilities and Office Space**

In order to successfully resume PATROL's critical business operations during an incident/crisis, the BCG must identify a safe, easily accessible and fully operational location with adequate resources (IT and others) for staff to report to and initiate operations from during the period of crisis. Any decisions regarding alternative facilities must provide adequate office space and alternate communication links for the senior management to perform operational decision-making.

The BCG office shall work closely with the business units to coordinate the activities involved in restoring the business operations of PATROL and ultimately return to an original/new permanent operating site.

### **Develop IT Systems Resumption and Recovery Plans**

The BCP shall develop a coordinated strategy involving plans, policies, procedures, and technical measures that enable the recovery of IT systems, operations, and data that is identified as critical. The BCG shall also work with other companies that are responsible for development and maintenance of the technology and information that support critical business processes of PATROL.

PATROL's network architecture and telecommunications shall help ensure there is the ability to withstand local/regional crisis.

BC policy and planning shall be integrated in IT policy, budget and implementation decisions. IT budget guidelines and incentives shall take into account good practices concerning business continuity planning and preparedness.

For new application development, BC planning should be integrated in all phases of the IT project life cycle, starting from Business Requirements, System Architecture, Design, Construction, Testing, Implementation, Maintenance and Retirement.

### **Testing**

The BCP should be tested at least annually to ensure credible recovery preparedness. The scope, objectives, and measurement criteria of each test shall be determined and coordinated by the BCG on a *per event* basis. Test results shall be shared with the Advisory Board.

### **Corporate Communications**

The BCP shall include mandatory instructions, advice, process, procedure or guidance concerning internal and external communications.

External communication during an incident/crisis is a critical business process. The BCG shall to develop the process and messages that will be communicated to staff and stakeholders in the event of an incident or business interruption.

### **Training**

Business Continuity training for the BCG (and other relevant staff) is essential for effective resumption and recovery of operations. BCG staff shall ensure training to keep current in the business continuity industry and PATROL's business processes, latest technologies, tools, international standards and regulations that guide the development of BC plans. Training must include details regarding business resumption and recovery roles in coordination with the BCG.

### **BCP Maintenance and Management Reporting**

The BCPs shall be updated on a XXXX basis, or as often as changes require, using agreed templates. Most importantly all major updates should be incorporated as soon as possible and not held to satisfy a pre-arranged schedule.

The BCG shall consider the use of automated tools to support business continuity planning.

Reporting business continuity planning status and progress is a key element of creating an effective BC program. The BCG shall report the status and progress of the BC program to the Advisory Board on a XXXX basis or after every BC test.

### **Business Continuity Program Governance**

As demonstrated in this policy, business continuity is an area affecting all aspects of a business and therefore must receive senior management guidance and oversight.

The organisations listed in the key stakeholders section of this policy shall participate in the Company X's BC program governance.

A formal BC program governance structure shall be developed to ensure effective decision-making and alignment with British Standards such as BS25999.

### **Policy Compliance**

Consistent compliance with this policy is essential to its effectiveness and therefore adherence to this policy is expected. The BCG will assess the preparedness of all the sections/teams. The assessment will include the quantification and qualification of PATROL's exposures including, but not limited to, the resumption of time-sensitive operations and the recovery of other operations.

Internal Audit, as part of its work program, will review the business continuity plans periodically to ensure alignment of the overall Business Continuity Program with Standards such as BS25999.

**Policy Agreed:**

**Planned Review Date:**

**Actual Review Date:**

## 2b. Terms of Reference: Manchester Business Continuity Forum



MANCHESTER BUSINESS CONTINUITY FORUM  
BUSINESS CONTINUITY WHATEVER THE DISRUPTION

# MANCHESTER BUSINESS CONTINUITY FORUM

## TERMS OF REFERENCE

- To contribute to Manchester's prominence as a leading economic hub by showcasing its ongoing commitment to building safe, sustainable and resilient communities
- To improve the resilience of Manchester's communities, businesses and voluntary organisations; encouraging them to respond effectively to internal or external threats of disruption, thereby lessening the economic and social impact of emergencies and speeding up the subsequent recovery
- To share information and good practice about business continuity management, including advice and assistance for planning for generic disruptions that could affect Manchester
- To facilitate joined up testing and rehearsal of BC arrangements
- To share, where practical, the risk profile for Manchester to promote and improve the development of robust and relevant emergency management and business continuity arrangements
- To raise awareness of the multi-agency arrangements in place to respond to major incidents within the City and, specifically, the emergency response and evacuation procedures for the city centre
- To offer a forum through which businesses, voluntary sector and emergency responders can co-ordinate and integrate emergency preparedness arrangements
- To promote discussion and learning amongst members
- To provide information about the sources of warning, information and advice in the event of an emergency
- To ensure Forum initiatives are complementary and not in competition with the activities of the other relevant bodies for Business Continuity and Emergency Planning

2c. Example Business Impact Analysis Form

<b>BUSINESS IMPACT ANALYSIS FORM</b>	
Completed Y/N Directorate, Service	

<b>SECTION 1</b>	<b>SERVICE INFORMATION</b>																				
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%;">Directorate</td><td></td></tr> <tr><td>Service</td><td></td></tr> <tr><td>Section</td><td></td></tr> <tr><td>Team</td><td></td></tr> </table>	Directorate		Service		Section		Team		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td colspan="2" style="height: 40px;">Purpose of Service</td></tr> </table>	Purpose of Service											
Directorate																					
Service																					
Section																					
Team																					
Purpose of Service																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%;">Submitted by</td><td></td></tr> <tr><td>Job Title</td><td></td></tr> <tr><td>Telephone Number</td><td></td></tr> <tr><td>Email Address</td><td></td></tr> <tr><td>Date Submitted</td><td></td></tr> </table>	Submitted by		Job Title		Telephone Number		Email Address		Date Submitted		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%;">Senior Responsible Owner</td><td></td></tr> <tr><td>Job Title</td><td></td></tr> <tr><td>Telephone Number</td><td></td></tr> <tr><td>Email Address</td><td></td></tr> <tr><td>Date of next BIA review</td><td></td></tr> </table>	Senior Responsible Owner		Job Title		Telephone Number		Email Address		Date of next BIA review	
Submitted by																					
Job Title																					
Telephone Number																					
Email Address																					
Date Submitted																					
Senior Responsible Owner																					
Job Title																					
Telephone Number																					
Email Address																					
Date of next BIA review																					

<b>SECTION 2</b>	<b>IMPACT ASSESSMENT TABLE</b>																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Score 1-5 Definitions</td> <td style="width: 12.5%;">up to 3 Hours</td> <td style="width: 12.5%;">up to 24 Hours</td> <td style="width: 12.5%;">up to 3 Days</td> <td style="width: 12.5%;">up to 1 Week</td> <td style="width: 12.5%;">up to 2 Weeks</td> </tr> <tr> <td>Welfare Impact</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Community Impact</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Score 1-5 Definitions	up to 3 Hours	up to 24 Hours	up to 3 Days	up to 1 Week	up to 2 Weeks	Welfare Impact						Community Impact						
Score 1-5 Definitions	up to 3 Hours	up to 24 Hours	up to 3 Days	up to 1 Week	up to 2 Weeks														
Welfare Impact																			
Community Impact																			

Financial Impact				
Reputational Impact				

Additional Comments

Overall Impact Rating **0**

**SECTION 3** CRITICAL ACTIVITIES

Click to add row	Key Activity Descriptions		
Description of most urgent service activities	Description of impact if not delivered	Description of any Seasonal Variance / Key Time Deliverables and how this may affect potential impact	Recovery Time Objective

**SECTION 4** CONTINUITY RECOVERY REQUIREMENTS

Staffing Requirements					
Required Staffing Levels	Business as Usual User Level	up to 3 Hours	up to 24 Hours	up to 1 Week	up to 2 Weeks
Do any staff, required during a disruption, have specialist needs e.g. aid/adaptations, wheel chair access?					
If 'Yes' please describe details of special considerations					

Workstation Requirements						
Definition	Business as Usual	up to 3 Hours	up to 24 Hours	up to 3 Days	up to 1 Week	up to 2 Weeks
Required Workstation Levels						

ICT Applications Requirements			
Click to add row			
Unique Application Identifier	Name of IT Application	Recovery Time Objective	Data Recovery Point Objective
			'Business as Usual' Concurrent User Level
			Minimum number of Users.

Additional Communication Requirements	
Click to add row	
What do you need (eg Mobile Phone / Fax)	Recovery Time Objective
Does the Service Provide a call centre function?	

Specialist Equipment			
Click to add row			
Description of Equipment	Quantity	Name of Supplier	Location Stored
			Recovery Time Objective

External Dependencies		
Click to add row		
Name of Dependency	Description of Service Provided	Brief description of impact if service is unavailable
		Recovery Time Objective

Internal Dependencies	
Click to add	

<b>row</b>					
Name of team that provides this service?	Description of Service Provided	Brief description of impact if service is unavailable	Relationship defined by a internal SLA?	Recovery Time Objective	
<b>Click to add row</b>	<b>Contractual Liabilities</b>				
Name of Contract	Description of Service Provided	Impact if we are unable to deliver the service		Recovery Time Objective	
<b>Click to add row</b>	<b>Regulatory and Compliance</b>				
Name of Statute / Governing Body	Description of duties / Services that must be performed to ensure compliance	Potential Impact of non compliance			



# Appendix 3 Evidence to support an 'Achieve or Assurance'

Level of Assurance	Description
Full ●	<b>Full assurance</b> – there is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Recommendations will normally only be Advice and Best Practice.
Substantial	<b>Substantial assurance</b> – whilst there is basically a sound system of control, there are some areas for improvement, which may put the system/process objectives at risk. There are Moderate recommendations but these do not undermine the system's overall integrity. Any Major or Significant recommendations relating to part of the system would need to be mitigated by strengths elsewhere. Any Critical recommendations will prevent this assessment.
Moderate	<b>Moderate assurance</b> – there are some areas for improvement in the system of internal control, which may put the system/process objectives at risk. There are a small number of Major recommendations or a number of Significant recommendations. Any Critical recommendations would need to be mitigated by significant strengths elsewhere. A number of Critical recommendations would prevent this assessment.
Limited	<b>Limited assurance</b> – there are significant areas for improvement in key areas of the systems of control, which put the system/process objectives at risk. There are Major recommendations and any Critical recommendations relating to part of the system would need to be mitigated by significant strengths elsewhere.
No ●	<b>No assurance</b> – an absence of effective internal control is leaving the system/process open to significant error or abuse. There are Critical recommendations indicating major risks requiring mitigating actions.

Capacity to Improve	Description
High ↑	The assessment will be based on a number of factors including: Recommendations progressed since the start of the audit; timescales for the implementation of agreed recommendations; levels of resources / capacity to effect implementation; focus and clarity of ownership within directorate / service for implementation; directorate / service track record in implementation of agreed recommendations; professional auditor judgement.
Medium ↔	
Low ↓	

Risk Type	Description
Control	There are areas for development and improvement in the design of the system of internal control.
Compliance	There is need to improve compliance with the existing system of internal control, processes or procedures

Risk	Assessment rationale
<ul style="list-style-type: none"> <li>● E. Critical</li> </ul>	<p>Life threatening / multiple serious injuries or prolonged work place stress. Severe impact on morale and service performance. Intense political and media scrutiny i.e. national media coverage / prolonged local media coverage. Possible criminal, or high profile, civil action against the Council, members or officers. Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members &amp; SMT required to intervene. Large increase on project budget/cost: (Greater of £1.0M of the total budget or more than 15 to 30% of the departmental / service area / school budget). Statutory intervention triggered. Impact on the whole council</p> <p>Serious injuries or stress requiring medical treatment with many workdays lost. Major impact on morale and performance. Scrutiny required by external agencies, external audit etc. Unfavourable national or prolonged local external media coverage. Noticeable impact on public opinion. Major impact on the effectiveness of governance for the Council.</p> <p>Significant disruption of core activities / performance. Key targets missed, some services compromised. Senior Management action required. Major increase on project budget/cost: (Greater of £0.5M of the total Budget or more than 6 to 15% of the departmental budget).</p>
<ul style="list-style-type: none"> <li>● D. Major</li> </ul>	<p>Injuries or stress requiring some medical treatment with workdays lost. Some impact on morale and performance. Scrutiny likely to be exercised by external agencies, internal committees or internal audit to prevent escalation. Probable limited unfavourable local media coverage. Significant short-term disruption of non-core activities / service performance.</p> <p>Standing Orders / Financial Regulations not complied with. Impact on the effectiveness of governance at the Council or service level. Services unlikely to meet needs. Service action will be required. Significant increase on project budget/cost: (Greater of £0.3M of the total Budget or more than 3 to 6% of the departmental budget). Handled within the team</p>
<ul style="list-style-type: none"> <li>● C. Significant</li> </ul>	<p>Injuries / stress requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance. Additional scrutiny required by management and internal committees to prevent escalation. Possible limited unfavourable local media coverage. Short-term disruption of non-core activities / service performance.</p> <p>Standing Orders / Financial Regulations occasionally not complied with. Minor impact on the effectiveness of governance at the Council or moderate impact at service level. Services do not fully meet needs. Service action will be required. Small increase on project budget/cost: (Greater of £0.1M of the total Budget or up to 3% of the departmental budget). Handled within the team</p>
<ul style="list-style-type: none"> <li>● B. Moderate</li> </ul>	<p>Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale</p> <p>Internal Review, unlikely to have impact on the corporate image. Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. Some impact on the effectiveness of governance at service level. Minimal financial loss – Minimal effect on project budget/cost: Negligible effect on total Budget or departmental budget).</p>
<ul style="list-style-type: none"> <li>● A. Minor</li> </ul>	<p>Internal Review, unlikely to have impact on the corporate image. Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. Some impact on the effectiveness of governance at service level. Minimal financial loss – Minimal effect on project budget/cost: Negligible effect on total Budget or departmental budget).</p>



PATROL Adjudication Joint Committee  
31<sup>st</sup> January 2012  
Item 9 Appendix 2

# Internal Audit Report

**PATROL - Business Planning**

**Tom Powell**  
**Corporate Services**

## Distribution List

<b>Business Owner</b>
Louise Hutchinson, Head of Service, PATROL
<b>Additional Report Distributions</b>
Sir Howard Bernstein, Chief Executive
Richard Paver, City Treasurer
Michelle Chard, Head of Democratic and Statutory Services
Caroline Shephard, Chief Adjudicator
Kelly Cornell, Finance Manager
Louise Nyland, BDO Stoy Hayward

## Audit Team

<b>Name</b>	<b>Contact Details</b>
Michael Ennis, Auditor	814 5276
Helen Smith, Lead Auditor	814 5238
Kathryn Fyfe, Principal Audit Manager	814 5271
Tom Powell, Head of Internal Audit and Risk Management	814 5273

## Report Status

<b>Activity</b>	<b>Date</b>
Fieldwork Commenced	12 December 2011
Draft Report Issued	19 January 2012
Management Responses Requested by	26 January 2012
Management Responses Received	20 January 2012
Final Report Issued	23 January 2012



## **1 Introduction**

- 1.1 This report summarises the findings and conclusions from our review of the business planning framework for the Parking and Traffic Regulations Outside London Adjudication Joint Committee (PATROL AJC).

## **2 Background**

- 2.1 The Traffic Penalty Tribunal is an independent tribunal where impartial lawyers consider appeals by motorists and vehicles owners whose vehicles have been issued with Penalty Charge Notices, under either the Traffic Management Act 2004 or The Bus Lane Contraventions Regulations.
- 2.2 The PATROL Adjudication Joint Committee has been established to enable Councils having Civil Enforcement Area Orders to exercise their functions under Section 81 of the Traffic Management Act 2004 and Regulations 17 and 18 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007. These functions are exercised jointly with the other councils in accordance with the requirements of Regulation 16 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007. The expenses of the Joint Committee in carrying out its functions are defrayed amongst the member authorities.
- 2.3 The Joint Committee has appointed Manchester City Council as its Lead Authority. The Council's Internal Audit service has agreed a three year audit strategy with PATROL management following a risk assessment. The Internal Audit Plan for 2011/12 includes a review of the business planning arrangements.
- 2.4 Business planning is a crucial tool that enables the determination and articulation of strategic objectives, values and priorities and how this work will be resourced. The plans themselves are essential elements in the provision of assurance that the organisation is on track to deliver both a balanced budget and achieve agreed objectives. The business plan is a key component of an effective governance framework.

## **3 Scope, Objectives and Approach**

- 3.1 To provide assurance over the adequacy of the business planning framework for PATROL in supporting effective governance arrangements. Specifically that:
- The process for the preparation and agreement of the business plan is supported by adequate planning, engagement and approval;
  - The content of the business plan accurately identifies priorities and supporting resource requirements to support effective medium to long term planning; and
  - There is an appropriate monitoring and reporting mechanism that enables the measurement of performance against business plan objectives to support effective decision making.

## **4 Findings**

### Preparation and Agreement of the Business Plan

- 4.1 There was a well structured and planned approach for preparing the business plan. The Head of Service commenced the process in November each year to coincide with the annual budget setting process for the following financial year.

- 4.2 We confirmed that senior staff and budget holders were consulted over the content of the plan before it was finalised in January. In addition to this, key information and themes from the Adjudicators Conference, held during November each year, was also considered.
- 4.3 On account of the reporting already made available to the Advisory Board regarding key areas of the plan, rather than review the Business Plan in its entirety the Advisory Board agreed to focus on strategic objectives and to be provided with progress reports at their meeting. Our review of meeting minutes from May 2010 and 2011 confirmed that objectives had been outlined to the Board, however from the detail recorded in the minutes it was unclear whether The Advisory Board had raised any issues / challenge over the information that was outlined
- 4.4 We consider the business plan document is a fundamental part of the governance arrangements and key to informing the strategic direction of the organisation. The document provides The Advisory Board with the opportunity to discuss strategic priorities and the resources planned to support the achievement of objectives prior to the start of each year.
- 4.5 We confirmed the business plan is located on the shared drive and is therefore accessible to staff. Discussions with the Head of Service and managers confirmed staff were notified when the business plan was finalised, and managers had been provided with a copy.

#### Content of the Business Plan

- 4.6 We reviewed the business plan against best practice and confirmed most of the relevant areas considered necessary to enable the effective operation of a service had been incorporated. These included an analysis of the market in which PATROL operated, annual performance measures outcomes, three year financial forecast, drivers for change, service objectives and details of the performance management framework.
- 4.7 However, we identified some key areas for improvement. Whilst reference was made to training, commitments in terms of an overarching plan were not included. Likewise information relating to staff/adjudicator numbers, skills mix, succession planning and equalities did not feature. We consider this information is essential for management to articulate how the business objectives and priorities will be supported and achieved. Whilst information regarding equalities may not have previously been considered, its inclusion helps demonstrate how the organisation complies with the wider legislation and equalities obligations to staff, customers and the public.
- 4.8 We were aware that management has continued to take positive steps to develop and embed risk management within the culture of the organisation. However the risk register, identifying strategic risks to the organisation was not included within the business plan, instead this was retained separately. Likewise, whilst there was a detailed business continuity plan and related arrangements, these were not referenced in the main business plan.
- 4.9 The key objectives of the service for the three years to 2013/14 were clearly presented within the business plan. We were satisfied these covered all key areas, namely adjudicators, staff, premises, appeals, communication, stakeholders, information technology and performance.

- 4.10 However, there was no indication of which areas or specific objectives were considered priority. We considered this information, together with known details of planned/actual resources required or available in relation to specific objectives, would help demonstrate the commitments necessary, whether financial or other, to the achievement of objectives.
- 4.11 For example, improvements to computer systems, the introduction of a new website and office move will all have associated costs. Whilst the financial implications of these initiatives have been reported separately during the year, this information was not separately identifiable within the three-year financial budget contained within the business plan. We consider there are benefits to providing effective links between the information provided within the three-year financial budget and risk register.

#### Performance Management

- 4.12 There is a satisfactory level of performance management information produced to enable the evaluation and review of the service. The information is analysed and produced quarterly and reported to the Advisory Committee thereby providing challenge and oversight. We consider the level of detail is sufficient to provide clarity over performance. There are satisfactory explanations recorded over areas of over and under performance.
- 4.13 A review of the performance documents presented to the Advisory Board confirmed that there are clear links between performance management at a strategic level, with the use of the objectives and a 10 Point Action Plan within the business plan, through to the team meetings where progress is discussed. This thread also features within staff appraisals, as objectives are used to measure personal performance against.
- 4.14 We confirmed that risk management and details regarding the mitigation of strategic risks had continued to be reported to the Joint Committee during the year.

### **5 Conclusions**

- 5.1 Whilst we were satisfied there was a set timetable and structured approach to the preparation of the plan, we considered the content of the final document could be improved by broadening its scope to include information held separately. We are satisfied management has taken action to develop strategies for managing risks and resources, however we consider this has not been reflected within the business plan in sufficient detail and as a result the business plan may not provide effective assurance that key risks to the delivery of the business plan are effectively overseen. There was evidence of regular monitoring of performance against business plan objectives, in particular the 10 point Action Plan. We consider the plan should be provided to the Advisory Board for review so they can demonstrate oversight. If these two areas for improvement are addressed we consider that the Service will be well placed to obtain substantial assurance over the business planning framework.

### **6 Recommendations**

- 6.1 The Action Plan at Appendix 1 includes two recommendations for improvement.






# Appendix 1. Detailed Findings Recommendations and Action Plan

	Matters Arising	Potential Risk Implications	Recommendations	Risk	Management Response and agreed actions
1	<p>The 2011-14 business plan clearly identified the strategic objectives, priorities and annual budget forecast for the period. However the level of detail provided within a number of key areas was insufficient, specifically human resources, risk management and business continuity.</p> <p>Furthermore, we considered there was greater opportunity for transparency of reporting over the resources required to support the achievement of individual objectives. For instance, budget allocations for areas of priority such as software changes or the office move.</p>	<p>Without sufficient detail within the Business Plan there can be a lack of clarity over the strategic direction of PATROL, specific objectives or the resources required to support the delivery and achievement of these over the short to medium term. This may result in poor decision making over operational and strategic matters and may lead to inconsistencies of approach.</p>	<p>The Head of Service should review the content of the business plan to ensure it reflects details of all resources, financial and otherwise, required to achieve the strategic objectives along with framework to manage risks to the achievement of this. We consider the following information should be included:</p> <ul style="list-style-type: none"> <li>• Human resource management, including staffing and adjudicator numbers, skill mix, training plan and succession planning.</li> <li>• Equalities Impact Assessment / Action Plan.</li> <li>• Risk Register.</li> <li>• Business Continuity.</li> </ul> <p>Consideration should also be given to identifying specific resource allocations assigned to the achievement of objectives.</p>	<p>Significant (Control)</p>	<p><b>Agreed: Yes</b>  <b>Action to be taken:</b> Collation of identified documents within the Business Plan  <b>Additional Resources Required for implementation: No</b>  <b>Responsible Officer:</b> Head of Service  <b>Target Date:</b> February 2012</p>

	<b>Matters Arising</b>	<b>Potential Risk/Implications</b>	<b>Recommendations</b>	<b>Risk</b>	<b>Management Response and agreed actions</b>
2	<p>Whilst the Advisory Board received key extracts from the business plan as part of the performance management framework, they had not approved the 2011-2014 business plan at the start of the financial year.</p>	<p>Without the review and approval of the business plan by the Advisory Board it is more difficult for the Service to demonstrate that all relevant stakeholders and those charged with governance were informed and aware of the key areas of strategic and operational priority, and forthcoming decisions and actions regarding the use of resources and achievement of value for money over the forthcoming period.</p>	<p>Following the implementation of recommendation 1 above the business plan should be presented to the Advisory Board for review and approval.</p> <p>Minutes from the Advisory Board should be sufficiently detailed as to reflect any points/challenge raised from discussion.</p>	<p>Significant (Control)</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> Business Plan to be presented to the Advisory Board and minutes to reflect any decisions/points raised.</p> <p><b>Additional Resources Required for Implementation:</b> No</p> <p><b>Responsible Officer:</b> Head of Service</p> <p><b>Target Date:</b> May 2012 and subsequently at December meeting</p>

Assessment - Risk, Control, Assurance and level of assurance

Level of assurance	Description
● Full	<b>Full assurance</b> – there is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Recommendations will normally only be Advice and Best Practice.
● Substantial	<b>Substantial assurance</b> – whilst there is basically a sound system of control, there are some areas for improvement, which may put the system/process objectives at risk. There are Moderate recommendations but these do not undermine the system's overall integrity. Any Major or Significant recommendations relating to part of the system would need to be mitigated by strengths elsewhere. Any Critical recommendations will prevent this assessment.
● Moderate	<b>Moderate assurance</b> – there are some areas for improvement in the system of internal control, which may put the system/process objectives at risk. There are a small number of Major recommendations or a number of Significant recommendations. Any Critical recommendations would need to be mitigated by significant strengths elsewhere. A number of Critical recommendations would prevent this assessment.
● Limited	<b>Limited assurance</b> – there are significant areas for improvement in key areas of the systems of control, which put the system/process objectives at risk. There are Major recommendations and any Critical recommendations relating to part of the system would need to be mitigated by significant strengths elsewhere.
● No	<b>No assurance</b> – an absence of effective internal control is leaving the system/process open to significant error or abuse. There are Critical recommendations indicating major risks requiring mitigating actions.

Capacity to improve	Description
High 	The assessment will be based on a number of factors including: Recommendations progressed since the start of the audit; timescales for the implementation of agreed recommendations; levels of resources / capacity to effect implementation; focus and clarity of ownership within directorate / service for implementation; directorate / service track record in implementation of agreed recommendations; professional auditor judgement.
Medium 	
Low 	

Risk Type	Description
Control	There are areas for development and improvement in the design of the system of internal control.
Compliance	There is need to improve compliance with the existing system of internal control, processes or procedures

Risk	Assessment rationale
<ul style="list-style-type: none"> <li>● E. Critical</li> </ul>	<p>Life threatening / multiple serious injuries or prolonged work place stress. Severe impact on morale and service performance. Intense political and media scrutiny i.e. national media coverage / prolonged local media coverage. Possible criminal, or high profile, civil action against PATROL, members or officers. Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members required to intervene. Large increase on project budget/cost: (more than <b>15 to 30%</b> of the departmental budget). Statutory intervention triggered. Impact on the whole organisation.</p>
<ul style="list-style-type: none"> <li>● D. Major</li> </ul>	<p>Serious injuries or stress requiring medical treatment with many workdays lost. Major impact on morale and performance. Scrutiny required by external agencies, external audit etc. Unfavourable national or prolonged local external media coverage. Noticeable impact on public opinion. Major impact on the effectiveness of governance for PATROL. Significant disruption of core activities / performance. Key targets missed, some services compromised. Senior Management action required. Major increase on project budget/cost: (more than <b>6 to 15%</b> of the departmental budget).</p>
<ul style="list-style-type: none"> <li>● C. Significant</li> </ul>	<p>Injuries or stress requiring some medical treatment with workdays lost. Some impact on morale and performance. Scrutiny likely to be exercised by external agencies, internal committees or internal audit to prevent escalation. Probable limited unfavourable local media coverage. Significant short-term disruption of non-core activities / service performance. Standing Orders / Financial Regulations not complied with. Impact on the effectiveness of governance at PATROL or service level. Services unlikely to meet needs. Service action will be required. Significant increase on project budget/cost: (more than <b>3 to 6%</b> of the departmental budget). Handled within the team</p>
<ul style="list-style-type: none"> <li>● B. Moderate</li> </ul>	<p>Injuries / stress requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance. Additional scrutiny required by management and internal committees to prevent escalation. Possible limited unfavourable local media coverage. Short-term disruption of non-core activities / service performance. Standing Orders / Financial Regulations occasionally not complied with. Minor impact on the effectiveness of governance at PATROL or moderate impact at service level. Services do not fully meet needs. Service action will be required. Small increase on project budget/cost: (up to <b>3%</b> of the departmental budget). Handled within the team</p>
<ul style="list-style-type: none"> <li>● A. Minor</li> </ul>	<p>Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale Internal Review, unlikely to have impact on the corporate image. Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. Some impact on the effectiveness of governance at service level. Minimal financial loss – Minimal effect on project budget/cost: Negligible effect on total Budget or departmental budget).</p>



**Three Year Audit Plan for PATROL AJC**

INTERNAL CONTROL	Days	Risk	2010/11	2011/12	2012/13	Alternative Sources of Assurance
Financial Reporting / IFRS	0	M				External audit of accounts
Anti-Fraud	0	M				
Allowances and Expenses	0	M				
Business Planning	5	M	5			
Core Financial Systems (which include General Ledger, Creditors, Procurement, Income, Treasury Management, Payroll, Budget Setting and Budget Monitoring)	16	M	8		8	
Compliance with Legislation	5	L		5		
Business Continuity	5	L		5		

**GOVERNANCE**

Corporate Governance (Constitution / Code of Conduct)	8	M			8	
Member Development	0	M				
Performance Management	2	L		2		Follow Up on External Audit work
Complaints	0	L				

**RISK**

Risk Management Framework	2	H	2			Follow Up on External Audit work
---------------------------	---	---	---	--	--	----------------------------------

**RISK BASED AUDIT**

Recruitment, Selection and Training	0	L				
Information Systems	5	M			5	

	Days	Risk	2010/11	2011/12	2012/13	Alternative Sources of Assurance
<b>OTHER WORK</b>						
Consultancy and Advice	2		2			Review of Financial Regulations 2010/11
Anti-Fraud – Investigations	0		0	0	0	Reactive work
Annual Governance Statement	3		1	1	1	Review of documentation
Follow-Up	2.5		0.5	1	1	
Annual Planning	3.5		1.5	1	1	Including the establishment of a three year strategy.
Periodic Reporting	3		1	1	1	
<b>Totals</b>	<b>62</b>		<b>16</b>	<b>21</b>	<b>25</b>	
Fees (based on blended daily rate of £325)			<b>£5,200</b>	<b>£6,825</b>	<b>£8,125</b>	