

Corporate Services
Department

Internal Audit Report

**National Parking
Adjudication Service**

Report To: **L Hutchinson – Head of
Service, NPAS**

Report Status: **Final**

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MANCHESTER
CITY COUNCIL

Internal Audit Section

Report Date:	29 June 2007
Audit Code:	Other001/2007
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National Parking Adjudication Service

Introduction

1. The National Parking Adjudication Service (NPAS) is an independent tribunal where impartial lawyers consider appeals by motorists and vehicle owners whose vehicles have been issued with Penalty Charge Notices (PCNs), or have been removed or clamped by one of the constituent councils in England & Wales enforcing parking under the Road Traffic Act 1991.
2. NPAS also consider appeals against bus lane contravention enforcements under the Bus Lane Contraventions (Penalty Charges, Adjudication and Enforcement) (England) Regulations 2005 for three Councils (Manchester, Essex and Reading).
3. NPAS is funded through service charges to each of the Councils using its services, based on the number of PCNs issued by each Council. In 2005/06, the service received income of £2,059,616.
4. This report records the results of the first audit of what is planned to be an ongoing programme of internal audit activity within NPAS.

Objective

5. To provide assurance that NPAS's processes for developing the Statement of Internal Control (SIC) for 2006/07 are effective and efficient.

Conclusions

6. We can provide limited assurance on the current efficiency and effectiveness of the process for producing the NPAS Statement of Internal Control (SIC) and development process and consider there is scope for improvement. The SIC for 2005/06 documented some internal controls and identified the assurance provided by policies and procedures. However, we found some gaps in the Statement where assurance was not evidenced in line with the CIPFA guidance 'Preparing a Statement of Internal Control', which documents best practice in this field.
7. We also consider that the process for compiling the SIC was not fully effective or efficient and have identified a number of action points which should be addressed in order to fully develop the SIC process and the system of internal control. We have produced a document to assist this process (Appendix A) which identifies sources of evidence for compiling the SIC for 2006/07 in accordance with CIPFA guidance. We worked through this with the NPAS Head of Service to support completion of the 2006/07 SIC. This document is a basis for further development and should not be taken as definitive. NPAS should also note that the new CIPFA Framework and Guidance Note: 'Delivering Good Governance in Local Government' will be published on 25 June. This will make changes to the current requirement to produce an annual SIC and should be considered alongside our recommendations and action points.

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8. We identified the following good practice and positive actions by management to provide assurance that supports the SIC:
- Performance measures clearly reported in the Annual Report and the Service Plan with links to the strategic objectives.
 - Performance measures monitored on a timely basis by the Head of Service (NPAS) and reported to the Advisory Board and the Joint Committee.
 - Obtaining assurance statements from all Parking Sections from each Authority, stating that their data has been audited by Internal Audit.
 - Consultation with stakeholders on priorities and objectives.
9. In addition to the actions raised on the attached appendix we have made specific recommendations concerning key assurance issues:
- The Head of Service should consider how, where appropriate, they will meet the requirements of the new CIPFA Good Governance Framework. Governance responsibilities should be clearly identified within Joint Committee and the Executive Sub-Committee terms of reference.
 - The Head of Service should develop their approach to risk management and ensure that the process for producing the risk register considers all risks. The Joint Committee should formally consider and contribute to the risk register on a regular basis and management action in response to identified risks should be regularly monitored at Committee level.
 - The Head of Service should consider the need to formally document the performance management process.
 - The Head of Service should regularly review its performance management systems to ensure that they are updated to reflect any changes in organisational structure, new performance measurement frameworks and other factors. NPAS should consider the role of Internal Audit in reviewing controls in the future.
 - The Head of Service should review the process for compiling the SIC and this should involve gaining auditable assurance throughout the year. This process should be monitored by the Audit Committee.
10. The recommendations and action points raised as a result of this review are included in this report. Recommendations have been graded as high and medium to demonstrate the exposure to risk.
11. We would like to thank the Head of Service and NPAS staff for their assistance during the audit.

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ACTION PLAN

Ref No	Recommendations	Findings	Risk	Risk Category	Management Response	Person Responsible Implementation Date
Control Objective: Confirm appropriateness of performance management arrangements for NPAS.						
1.1	The Head of Service should consider the need to formally document the performance management process	There is currently no formally documented performance management framework in place within NPAS. However, there are clear performance processes in place, which ensure performance is managed effectively.	The performance management framework is not communicated and monitored.	Medium	A report was presented to the June 2007 Joint Committees where the NPASJC and BLASJC Performance Standards were reviewed and amended. As previously, performance against these new standards will be monitored and reported on a regular basis. The new standards will be communicated to stakeholders through a revised Service Charter. Performance management procedures will be formally set out within a Performance Management Framework to	Head of Service Sept 2007
1.2	The Head of Service should regularly review its performance management systems to ensure that they are updated to reflect any changes in organisational structure, new performance measurement frameworks and other factors. NPAS should consider the involvement of Internal Audit assurance in reviewing controls in reviewing controls in the future.	There is no written evidence that the performance management systems have been reviewed. However, the Head of Service stated that the Case Management system was reviewed during 2006, with actions reported to the Advisory Board.				

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					coincide with the Quality Strategy document planned for September 07.	
Control Objective: Confirm appropriateness of Governance arrangements						
2	<p>The Head of Service should consider how they will meet the new governance requirements described in the CIPFA publication 'Delivering Good Governance in Local Government'. She should also ensure that governance responsibilities are clearly identified within the Joint Committee and the Executive Sub-Committee terms of reference.</p>	<p>NPAS and the NPASJC had a range of operational and governance arrangements in place and that as an independent tribunal arrangements were underpinned by legislation. NPASJC and BLASJC Agreements set out the functions of the NPASJC, its Standing Orders, Financial Standing Orders and Rules of Financial Management, the Terms and Conditions of the Arrangement between the Parking Authorities and the Lead Authority and a Memorandum of Participation. The NPASJC approved a Scheme of Delegation to Officers of the Lead Authority and the Chief Parking Adjudicator.</p> <p>The NPASJC approved the most recent revisions to key documents in 2005. Terms of reference were approved for the NPASJC's Executive Sub Committee and Advisory Board.</p> <p>We acknowledge the extent of these</p>	<p>Effective Governance arrangements are not embedded.</p>	<p>High</p>	<p>The new CIPFA publication "Good Governance in Local Government" will be reviewed to assess its relevance to NPAS Joint Committee and its functions in relation to the National Parking Adjudication Service.</p>	<p>Head of Service Dec 2007</p>

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		<p>governance arrangements but consider that further work is necessary to comply with governance best practice as described by CIPFA/SOLACE.</p> <p>The terms of reference do not formally state responsibility for governance issues. There is no clear allocation of governance responsibility so it is assumed from review of decision making that all governance responsibilities lie with the Joint Committee.</p>				
Control Objective: Risk Management arrangements are adequate and appropriate						
3	<p>The Head of Service should develop their approach to risk management and ensure that the process for producing the risk register considers all risks. The Joint Committee should formally consider and contribute to the risk register on a regular basis and management action in response to identified risks should be regularly monitored at Committee level.</p>	<p>NPAS do not currently have a written strategy and policy in place for managing risk.</p> <p>The Head of Service is in the process of liaising with the City Council's Risk Manager to implement and develop a risk management framework. Monitoring is not yet undertaken, as the risk register that has been drafted by the Head of Service has not been formally approved by the Advisory Board or the Joint Committee.</p>	<p>Inappropriate awareness and management of risk management framework development within NPAS and inappropriate contributions.</p>	High	<p>As reported to the June 2007 Joint Committee, work will continue on the preparation of the risk register and will be available for their scrutiny.</p>	<p>Head of Service Jan 2008</p>
Control Objective: Confirm the appropriateness of the overall arrangements for preparing the SIC						
4	<p>The Head of Service should review</p>	<p>There was no clear process for</p>	<p>The SIC will be</p>	High	<p>The Head of Service</p>	<p>Head of Service 07/02/2008</p>

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	<p>and develop the process for compiling the SIC. To deliver accurate, complete and timely production of the SIC and to address any gaps in controls this should include:</p> <ul style="list-style-type: none"> - Use of the SIC matrix developed by internal audit and an action plan for addressing gaps in control which documents all evidence obtained and ensures full use of all sources of assurance; - continued development of the audit trail of sources of evidence supporting the SIC; and - formal monitoring of the SIC matrix/ action plan throughout the year by Audit Committee. 	<p>completing the SIC. The SIC development process had been an end of year exercise and there was little evidence of an audit trail of evidence sources and verification of assurance. The process did not use the CIPFA guidance on potential SIC completion.</p>	<p>incomplete, inappropriate and not in line with key guidance.</p>		<p>found the first Internal Audit of NPAS extremely valuable and it has been agreed that the programme will be timetabled to support the formal review of the SIC approach that has been recommended</p>	<p>August 2007</p> <p>Agree programme of review / completion of the SIC</p> <p>Head of Service Report to the January 2008 Sub Committee regarding review of the SIC.</p>